92-05058/

ANNUAL REPORT

to the

NOVA SCOTIA LEGISLATURE

of the

STANDING COMMITTEE ON PUBLIC ACCOUNTS

May 22, 1991 to February 19, 1992

Dr. William Gillis, M.L.A.
Chairman

Dr. R. Colin D. Stewart, M.L.A.
Vice-Chairman

Second Session of the Fifty-Fifth General Assembly

House of Assembly
Nova Scotia

Mr. Roderick MacArthur
Chief Clerk of the House
House of Assembly
Province House
Halifax, Nova Scotia

Dear Mr. MacArthur

On behalf of the Standing Committee on Public Accounts, I am pleased to present the Annual Report of the Committee for the Second Sitting of the Second Session of the Fifty-Fifth General Assembly (May 22, 1991 to February 19, 1992).

Respectfully submitted

Bill Gillis

William Gillis, M.L.A.
(Antigonish)
Chairman
Standing Committee on Public Accounts

c.c. Honourable Ronald Russell, Speaker

Halifax, Nova Scotia
April 7, 1992

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INTRODUCTION

The Standing Committee on Public Accounts was struck in the Nova Scotia Legislature on March 20, 1990.

The Second Session of the Fifty-Fifth General Assembly was not prorogued in 1991. It reconvened for a second sitting on May 10, 1991. The Committees of the House were not restruck, but membership lists were revised on May 21, 1991. The revised membership of the Public Accounts Committee was as follows:

Dr. William Gillis, M.L.A.-Chairman
(Antigonish)
Dr. R. Colin D. Stewart, Vice-Chairman
(Colchester South)
Hon. George Archibald (Kings North)
Hon. Guy LeBlanc (Clare)
Hon. Charles MacNeil, M.D. (Guysborough)
Roger Bacon, M.L.A. (Cumberland East)
Vincent J. MacLean, M.L.A. (Cape Breton South)
Sandra Jolly, M.L.A. (Dartmouth North)
Alexa McDonough, M.L.A. (Halifax-Chebucto)

As noted above, Dr. Colin Stewart, M.L.A. was appointed by Government Members to serve as the Committee's Vice-Chairman. Ms. Dianne Stillman continued to serve as Clerk to the Committee.

Mandate

(as recommended in the Report of the Steering Committee to the Standing Committee on Public Accounts - May 1991)

"...to hold the government (including Crown Corporations and other agencies) accountable to the Legislature for the administration of public assets and spending of public funds."

Procedures and Operations

The Public Accounts Committee traditionally meets weekly while the House is Sitting, and periodically during adjournment. It holds its meetings in the Legislative Chamber on Wednesday mornings. During the second sitting of the Second Session of the Fifty-Fifth General Assembly, the Committee met on the following dates:

May 22, 1991
May 29, 1991
June 5, 1991
June 12, 1991
June 19, 1991

June 26, 1991
July 3, 1991
July 10, 1991
September 11, 1991
October 2, 1991
October 30, 1991
November 27, 1991
January 15, 1992
February 19, 1992

The Public Accounts Committee is an all-party Committee and is struck early in each Session by a Special Striking Committee. Since 1987, it has been chaired by a member of the Official Opposition. [R. 60 (3)].

Elections for Chairman and Vice-Chairman have been the usual first items of business at the preliminary meeting of the Committee. Effective at the next Session of the Legislature, the House Rules will be amended to read:

> Rule 60 (3)
>
> The Chairman of the Public Accounts Committee shall be the Member chosen at the commencement of the first Session of each Assembly by the Opposition House Leader from among such Members of the Committee as are Members of the Official Opposition.

As well, the Vice-Chairman will be chosen in the same manner, from among the Government Members of the Committee.

The first item of business at the preliminary meeting is the setting of an initial agenda. Each party submits a list of suggestions for consideration.

Immediately following the first meeting, the Committee Clerk contacts each witness, provides them with written confirmation and draws up a tentative schedule for members.

Prior to each meeting, members are provided with a package of reference material, which is researched and compiled by the Committee Clerk and forwarded to them with the formal notice of the meeting. Notices are also sent to the Auditor General, Caucus Offices, Hansard Reporting Services, Legislative T.V. and Broadcasting, the Co-ordinator of House of Assembly Operations and the Press Gallery.

The Committee's workload has increased considerably in recent years, with a number of meetings being held outside of the Session. It is anticipated that it will continue to do so.

Annual Reports

Reports are compiled and written by the Committee Clerk. Once the Chairman has approved the initial draft, the report is circulated to Members with a request for input. Once the suggestions of Members have been incorporated, the Report is tabled.

This report contains conclusions for most sections. Recommendations, however, have not been made. Pursuant to the May 1991 Report of the Steering Committee on Public Accounts, future reports should have both Conclusions and Recommendations and "a specific request for the government to table a comprehensive response".

In addition, the May 1991 Report of the Steering Committee recommended that the PAC...

1-"shall have the right to draw upon the expertise of the Office of the Auditor General" in following up on its recommendations, and

2-"the Auditor General would report back to the Committee....on the extent...of the implementation of recommendations."

3-A decision would then be made by the PAC, as to whether "...an in-depth audit be performed by the Auditor General or that witnesses should be recalled, or both."

Verbatim Transcripts

Verbatim transcripts of proceedings are available in the Legislative Library.

Distribution

As recommended in the Guidelines for Public Accounts Committees, distribution of reports will be as follows: to all Members of the Legislature, all witnesses, the Legislative Library in Nova Scotia and in other provinces and territories, deputy ministers, Chairmen of all Canadian public accounts committees and members of the media.

Committee Resources

As previously noted, the workload of the Committee is constantly increasing. Presently, the Committee is supported by one person, on a part-time basis. This person

is assigned to the Legislature Committees Office and therefore, is required (along with one other) to provide support for six (6) standing committees and such select committees and special commissions, as may be established.

The May 1991 Report of the Steering Committee of the Public Accounts Committee recommends:

> *"In order to function in a responsible and efficient manner, the Public Accounts Committee should be afforded the necessary resources.*
>
> *Exclusive jurisdiction over the resources of the Public Accounts Committee....shall be given to the Internal Economy Board."*

Regarding staffing and budgetary needs, the above-mentioned report recommends:

> *"the Public Accounts Committee requires the equivalent of at least one full-time staff person - an increase of 50% over its current resources."*
>
> *"A budget proposal shall be prepared annually by the Public Accounts Committee for approval and implementation by the Internal Economy Board."*
>
> *"It may be necessary....for the Public Accounts Committee to periodically draw upon the expertise of consultants on a variety of complex issues. Funds should be allocated for this eventuality."*

However, to date, none of these recommendations has been acted upon.

Acknowledgments:

The Committee wishes to extend its appreciation to the witnesses for their time and co-operation. In addition, the Committee thanks Hon. Ronald Russell, Speaker of the House of Assembly and his staff; Mr. O. Paul Cormier, former Auditor General and Mr. Roy Gunn, Acting Auditor General and his staff; Mr. Rodney Caley, Editor of Hansard, and his staff; as well as the staff of Province House.

WITNESSES

May 22, 29, and June 12, 1991 - Auditor General

Mr. O. Paul Cormier - Auditor General
Mr. Roy Gunn - Deputy Auditor General
Mr. James Butler - Assistant Auditor General

also, in attendance at the May 29, 1991 meeting:

Mr. Claude Carter - Senior Director of Audits
Mr. Alan Horgan - Director of Audits

June 5, 1991 - Nova Scotia Liquor Commission

Mr. Leroy Weagle, Executive Director, Corporate Services
Mr. Bruce Rogers, Executive Director, Retail Services

June 19, 1991 - Upper Clements Theme Park

Mr. Gerald Coolen, Chairman of the Board
Mr. Neil Mattson, General Manager

June 26, 1991 - Business Capital Corporation - and - Small Business Development Corporation

BCC -
Mr. Norman MacNeil, President and C.E.O.
Mr. Robert Shaw, Chairman of the Board

SBDC -
Mr. Douglas Giannou, Executive Director

July 3, 1991 - Teachers' Pension Commission

Mr. Robert Jack, Commission Secretary
Mr. Paul Conrad, Actuary

July 10, 1991 - Halifax-Dartmouth Bridge Commission

Mr. Reg Prest, Chairman
Mr. James Shea, Secretary
Mr. Basil Gordon, General Manager & C.E.O.
Mr. Ken Munro, Treasurer - A. Murray MacKay Bridge

September 11, 1991 - Department of Education

Mr. Armand Pinard, Deputy Minister
Mr. Douglas E. Nauss, Director,
School Planning and Conveyance
Mr. John Levangie, Chief Director,
Finance and Budgeting

October 2, 1991 - Provincial Tax Commission - and Deputy Minister of Finance

Mr. Allan Manuel, Deputy Minister of Finance
Mr. David Quaintance, Manager, Tax Information Section
Mr. James Spurr, Financial Counsel

October 30, 1991 and February 19, 1992 - Nova Scotia Power Corporation

Mr. Louis Comeau - President and C.E.O.
Mr. T. F. MacDonald - Vice-President (Planning and Environment)
Mr. Gerald Lethbridge - Vice-President (Engineering and Production)
Mr. G. K. Oickle - Vice-President (Finance)

and, appearing only at the October 30 meeting:

Mr. Leonard Sweett - Vice-President (Customer Services)

November 27, 1991 - Nova Scotia Teachers' Union - and Deputy Minister of Finance

NSTU:
Mr. Russell MacDonald, President
Mr. Emmett Currie, Executive Director
Mr. Ron MacPherson, Executive Staff Officer
Mr. Bill Redden, Executive Staff Officer

Dept. of Finance:
Mr. Allan Manuel, Deputy Minister

OBSERVERS:

Teachers' Pension Commission:
Mr. Robert Jack - Executive Director
and-
Department of Education:
Mr. John Levangie, Chief Director, Finance & Budget

January 15, 1992 - Workers' Compensation Board - and Department of Labour

Department of Labour:
Mr. Hugh R. Macdonald, Deputy Minister

WCB:
Mr. R. J. Allen, Chairman and General Manager
Mr. Robert L. Shedden, Executive Director, Finance and Administration
Mr. A. Bruce Collins, Director of Public Affairs and Policy Development
Mr. Gary Alderdice, Director of Claims

OBSERVERS:
Mr. Brian L. Burnell, Manager and Actuary
The Wyatt Company
Mr. Gordon Penley, C.A., Deloitte and Touche
Mr. David P. S. Farrar,
Stewart McKelvey Stirling Scales

PRELIMINARY MEETING

May 22, 1991

The Standing Committee on Public Accounts met on the above date to set its agenda for the remainder of the Second Session of the Fifty-Fifth General Assembly. Since the Second Session had not been prorogued, as previously expected, the present Chairman (the Member for Antigonish) continued in his role, however, the Vice-Chairman (the Member for Kings North) was unable to carry on with his duties and a new Vice-Chairman (the Member for Colchester South) was unanimously approved.

Each party submitted a list of proposed witnesses, copies of which were submitted to all Committee Members. (See Appendix I). After some discussion, it was decided that the following witnesses should be called:

1. Auditor General of Nova Scotia (for 2-3 meetings)

2. Chief Commissioner or Manager of the Nova Scotia Liquor Commission

3. Chairman of the Board and General Manager of the Upper Clements Theme Park

4. Representatives of the Small Business Development Corporation, the Business Capital Corporation and Mr. Robert Bruce*

5. Teachers' Pension Commission

6. President of the N.S.T.U. and Representatives from the Department of Finance (re: Teachers' Pension)

7. Deputy Minister of Finance and the Director of School Planning and Conveyance

8. Halifax-Dartmouth Bridge Commission

9. Nova Scotia Power Corporation

10. Provincial Tax Commission

** Mr. Robert Bruce was unable to attend the meeting set up to accommodate the other two groups, although he agreed to appear at an alternate time. At a later date, however, a motion made by the Member for Kings North, was adopted that rescinded the request to have Mr. Bruce appear.*

At the meeting of November 27, 1991, following a Motion by the Chairman to do so, the Committee decided to invite representatives from the Department of Labour and the Workers' Compensation Board to appear in January of 1992.

Considering recent announcements of a privatization plan, the Committee decided to invite the Nova Scotia Power Corporation to appear for a second time, on February 19, 1992.

****

See also: Appendix I

AUDITOR GENERAL

May 22, 1991

Witnesses: Mr. O. Paul Cormier, Auditor General
Mr. Roy Gunn, Deputy Auditor General
Mr. James Butler, Assistant Auditor General

May 29, 1991

Witnesses: Mr. O. Paul Cormier, Auditor General
Mr. Roy Gunn, Deputy Auditor General
Mr. James Butler, Assistant Auditor General
Mr. Claude Carter, Sr. Director of Audits
Mr. Alan Horgan, Director of Audits

June 12, 1991

Witnesses: Mr. O. Paul Cormier, Auditor General
Mr. Roy Gunn, Deputy Auditor General
Mr. James Butler, Assistant Auditor General

The Auditor General appeared before the Committee on three separate occasions, as noted above. As usual, he was accompanied by the Deputy Auditor General and the Assistant Auditor General and, at the meeting of May 29, he was also accompanied by the Senior Director of Audits and the Director of Audits, who assisted him with the Corporate Strategy Group discussions.

In his opening remarks, the witness referred briefly to sections of his Annual Report, which he felt the Committee may wish to discuss.

Corporate Strategy Group
(page 175 - 1990 Report of the Auditor General)

The Member for Cape Breton South asked the Auditor General for his opinion on the authorization of government contracts, totaling $435,000, with the above-mentioned firm.

The Auditor General stated that "...arrangements with this group did not fall within certain key criteria...it did not meet the public proposal or roster selection method....there were significant delays in having formerly approved contracts in place prior to the commencement of assignments." *(Hansard transcript - May 29, 1991 - p. 558)*

Stakeholder Relations Program: The Auditor General explained that one contract, known as the Stakeholder

Relations Program (cost: $134,000), was initiated "...to contribute to an understanding by government of the thoughts and aspirations of various stakeholders throughout the province...they developed an information vehicle which included some software development and some systems development...they undertook a fairly extensive development of systems, configurations and specifications." *(Hansard transcript - May 29, 1991 - P. 557)*

Political Influence: The Member for Cape Breton South and the Member for Halifax Chebucto expressed concern that many of the projects assigned to this firm (which is known to be associated with the federal Progressive Conservative Party) came under the auspices of the Cabinet Secretariat and the Nova Scotia Information Service, both of which were controlled by individuals with close personal ties to the PC Party of Nova Scotia. They asked the Auditor General if he had ascertained whether this firm was contracted, using public funds, to further the interests of the Nova Scotia Progressive Conservative Party.

The Auditor General replied that he had questioned public servants in this regard, but had not discussed the possibility with senior officials of either of the government departments mentioned, the PC Party of Nova Scotia, or the Corporate Strategy Group. The Member for Halifax-Chebucto expressed concern that the Auditor General chose to speak only to persons who would obviously have no inside information regarding political influence.

The Member for Cape Breton South further noted that the individual who had been in charge of the Cabinet Secretariat at the time of these arrangements was, in fact, now a senior executive of the Corporate Strategy Group. He suggested that this information should have made the Auditor General question the appropriate expenditure of taxpayer dollars. The Member was particularly concerned about a study commissioned by the Cabinet Secretariat at a cost of $36,000, for which there was no report available. *(Hansard transcript - May 29, 1991 - p. 561)*

The Auditor General stated "I do not think it is the role of the Auditor General to...attempt to justify the usefulness of something that a given department has expended money on. I think all we can do is to point out that a certain arrangement....does not meet the criteria that we had set up..." *(Hansard transcript- May 29, 1991 - p. 559)*

The Member for Guysborough stated that this firm had set up an information system that has proven its worth. The Member noted further that, contrary to the suggestions of political and pre-election influence, this system was

predominantly set up at the beginning of February 1989, several months after the September 1988 election. The Auditor General agreed.

Additional Appropriations
(p. 57 - 1990 Report of the Auditor General)

In response to questioning by the Member for Dartmouth North, the Auditor General stated, as a point of clarification, that a large portion of the $38 million of additional appropriations for general administration, were actually allowances for doubtful accounts.

The Member for Halifax-Chebucto questioned two rather large overexpenditures:

Department of Industry, Trade and Technology ($25.1 million): The Auditor General stated that this money was almost exclusively used to provide for additional allowances for certain loan accounts (Canso fish plant and the Amherst Aerospace program accounted for 93 per cent of this overexpenditure).

Legislative Expenses ($1 million): The Auditor General promised to provide the PAC with a detailed account of this overexpenditure, at a later date. *(See Appendix II)*

Regulatory Boards
(p. 65 - 1990 Report of the Auditor General)

In response to a question by the Member for Kings North, the Auditor General noted that a Deputy Ministers' Committee had been set up to look at a number of boards (i.e. Public Utilities Board, Municipal Expropriation Compensation, Criminal Injuries and Tax Review Board) to improve the efficiency of their administration. He noted, "Our basic recommendation was...some downsizing of government. We were somewhat surprised to learn that they had embarked upon an even broader review..." *(Hansard Transcript - May 22, 1991 - p. 546)*

Public Utilities Board: The Member for Dartmouth North, referring to p. 65 of the Auditor General's report, asked the witness for the names of those firms that the board has engaged without benefit of written agreements. The Auditor General was able to provide only a few names: Blois Nickerson Palmeter & Bryson, and Hiltz & Seamone Company Limited had no written agreement or engagement letter; and the only record of the agreement with Kalyman Consulting Limited was a letter approving the hiring of the firm.

Administration of Lending Function
(p. 123 - 1990 Report of the Auditor General)

The Member for Dartmouth North noted that problems with the administration lending function had been pointed out by the Auditor General in his 1989 report. She questioned whether the government had been paying attention to the Auditor General's concerns, since he found it necessary to raise the issue again in his 1990 report.

The Auditor General stated, "...there was enough flowing from our report last year to indicate that some changes should be made...and minimize much of the fragmentation and other problems... Some of them were acted upon but the fundamental ones were not and...have not as yet." *(Hansard transcript - May 22, 1991 - p. 550)*

Retirement of the Auditor General
(p. 23 - 1990 Report of the Auditor General)

Selection Process: The Member for Guysborough noted that the task to replace the Auditor General will be placed in the hands of a non-government committee, which will conduct a search and make a recommendation to the Executive Council. He asked the Auditor General if he agreed with this plan, to conduct the search without input from political parties.

The Auditor General replied, "...the thrust of my recommendation...is that there be some opportunity for all Parties to be aware of the process, be aware of the final appointment before it is actually made." *(Hansard transcript - May 22, 1991 - p. 553)* He further noted that, in his view, Recommendation E of the May 1991 Steering Committee Report is appropriate.

Pension Buy-Back: The Member for Dartmouth North, referred to newspaper articles that appeared on May 29, 1991, regarding a second five-year buy-back for the Auditor General's pension. *(See also: 1989-90 Annual Report of the Public Accounts Committee, p. 6)*

The Auditor General gave the committee a brief background of his pension arrangements. He stated, "In early 1989, there was a provision for recognition of teaching service in excess of the five years granted to a professor moving from Memorial to TUNS.....So I reactivated my request...I approached the Minister of Finance again....and it was subsequently....approved." *(Hansard Transcript - May 29, 1991 - p. 562)*

The Member for Dartmouth North asked if he was referring to a prominent member of the PC party, the former President of the Technical University of Nova Scotia, who stood as a candidate in the 1988 provincial election.

The Auditor General stated that this was not the professor to whom he was referring.

To further questioning by the Member for Dartmouth North, the Auditor General stated that the additional five year buy-back of his pension, cost the Nova Scotia taxpayer $40,000 (he also paid $40,000) and would result in an increase of 10% in his monthly pension. He stated that he was aware of at least four other senior public servants who obtained a second five-year buy-back deal.

The Member for Halifax Chebucto questioned why the Auditor General did not ask that this request be brought before the Internal Economy Board, to remove any appearance of a special benefit being awarded by government and a compromising of his independence. The Auditor General replied, "...you are entirely right and in retrospect that was an oversight...." *(Hansard Transcript - May 29, 1991 - p. 565)*

Other Related Matters

Halifax-Dartmouth Bridge Commission - The witness advised the Member for Cape Breton South that his office has not done an assessment to determine the need for the Halifax-Dartmouth Bridge Commission. He also advised that there has been some recent consultations with respect to long-term financing policy. However, he was unable to comment on any plans the government may have to repatriate the debt.

NSLC Bayers Lake Warehouse - The Auditor General advised that his office had been approached by the RCMP Commercial Crime Division, 3-4 weeks prior to the PAC meeting of May 22, 1991. They were interested in the tender process and discussed in general, the reasoning behind the decision of NSLC management to proceed with the warehouse.

Workers' Compensation Board - In response to the Member for Dartmouth North, the Auditor General advised that the Workers' Counsellor who submitted 'unreasonable' invoices for services rendered (in the amount of $310,873) was Ms. Cherry Ferguson. The firm of Patterson Kitz submitted invoices in the amount of $239,331.

Unco-operative Departments - The Auditor General advised that, it was of great concern to his department that some government departments were reluctant to co-operate with the audit process. He suggested the Public Accounts Committee should hear from the Deputy Ministers of the departments concerned.

Zareski Allegations - The Auditor General stated that his department chose to await the results of the RCMP investigation before pursuing any audit efforts.

Teachers' Pension Fund - The Auditor General noted that two things have led to the current unfunded liability...
1) "...improvements and benefits to the plan have been made without any attempt to....adequately assess the costs and....reflect the costs in premium contributions from employee-employer."
2) "...there has been a pressure on the fund because of early retirements."
(Hansard Transcript - May 22, 1991 - p. 544)

Accountability - The Auditor General, in response to the Member for Clare, stated that although there is no simple answer to the problems of accountability within the Department of Education, as well as other departments, the province must "...try to set some measurable goals that can be agreed upon...in terms of how effectively these goals are being met." *(Hansard transcript - May 22, 1991 - p. 546)*

V.G. Hospital/Path Scientific/V.G. Hospital Foundation - In response to the Member for Halifax Chebucto, the Auditor General agreed to look into the possibility of providing the Committee with a copy of the termination agreement between the above parties. *(See APPENDIX II)* He felt, however, that the essence of the agreement was contained in his report. The Member did not agree.

Office Space - Dennis Building - The Member for Halifax-Chebucto and the Member for Cape Breton South expressed concern that the government was considering the sale of the Dennis Building, which costs the taxpayer $5.17 per sq. ft., while alternate office space would cost approximately $33.40 per sq. ft. The Auditor General replied that the Dennis Building transaction had not been reviewed by his staff. *(Hansard transcript - May 22, 1991 - p. 552)*

School Construction - The Auditor General, in response to questioning by the Members for Clare and Dartmouth North, stated that recommendations in his report, regarding school construction, were not fully supported by the two parties involved (the Department of Education and the School Boards).

CONCLUSIONS:

On April 1, 1992, the new Auditor General of Nova Scotia will assume his duties. It is essential that this Committee initiate and maintain a co-operative working relationship with the new Auditor General and his staff.

Material to be Provided by Witness
(See Appendix II)

PROVIDED

1. Payments to Corporate Strategy Group (April 1, 1986 to March 31, 1990)
2. Termination Agreement for the Partnership Between Path Scientific Research Limited and the Victoria General Hospital Foundation
3. Summary of Provincial Tax Commission Accounts written off during the year ended March 31, 1990
4. Details of Provincial Tax Commission Accounts over $25,000 written off during the year ended March 31, 1990
5. Details of Additional Appropriations in excess of $200,000 for the year ending March 31, 1990
6. Listing of Consultant and Related Payments in excess of $1,000 made by the P.U.B. (January 1, 1989 to December 31, 1990)
7. Details of Additional Appropriations required for Legislative Expenses
8. Specific queries re: Additional Appropriations
9. Specific queries re: Amherst Aerospace Inc.

*****

NOVA SCOTIA LIQUOR COMMISSION

June 5, 1991

Witnesses:

Mr. Bruce Rogers, Executive Director, Retail Services
Mr. Leroy Weagle, Executive Director, Corporate Services

The Executive Director, Corporate Services and the Executive Director, Retail Services appeared before the Committee on the above date. The General Manager was unable to attend due to illness.

The Executive Director, Retail Services, in his opening remarks, advised the committee of a structural renewal process which was begun in April 1990, to improve the organization of the Nova Scotia Liquor Commission. He also addressed, very briefly, such matters as interprovincial and international trade barriers, public awareness programs, environmental programs, and the Bayers Lake Warehouse.

Bayers Lake Warehouse

RCMP Investigation: The Member for Cape Breton South enquired about the status of an ongoing RCMP investigation into the above project. The witness replied that at this point in time, the RCMP had not searched NSLC files, but merely asked questions and indicated that if they needed more information, they would be back.

In response to a question by the Member from Dartmouth North, the Executive Director-Retail Services indicated that the decision to carry out the above project was made by senior staff, and that he was the Project Co-ordinator at that time.

Concerns of the Auditor General: The Member for Dartmouth North was particularly concerned about a reference made by the Auditor General in his 1990 report which suggested that the project cost the taxpayer $1.3 million more than was necessary. The witness disagreed with the Auditor General's assessment of the matter. *(Hansard Transcript - p. 592 - June 5, 1991)*

The Member also asked the witness to comment on the Auditor General's concerns that NSLC was only using 42% of the capacity of the warehouse. In response the wit-

ness stated, "...close to 100 per cent of the square footage is being used but we do have cubic footage that is not being used at this particular time." *(Hansard Transcript - p. 593 - June 5, 1991)* He further noted that at peak periods, large volumes of stock arrive from Europe and those orders must be stored in the warehouse well in advance of the Christmas Season.

The Member for Cape Breton South commented that the witness' statement regarding European imports, was not borne out by figures in NSLC's annual report. He noted that the grand total for consumption in Nova Scotia in 1989-90 was 736,000 hectolitres. Only 3 percent of that was imported. He asked the witness to explain why this vast amount of space was required to accommodate stock which represents only 3 percent of Nova Scotia's annual consumption. The witness did not directly answer the question. *(Hansard Transcript - p. 594 - June 5, 1991)*

Close Proximity of Retail Outlets

The Member for Halifax-Chebucto enquired as to why two retail outlets were situated within one block of one another (Clyde Street and Spring Garden Place outlets). The Executive Director-Retail Services advised that a market survey had been conducted prior to setting up the 'Port of Wines' outlet in the Spring Garden Place mall. He noted that, "The clientele for that type of market, in fact, are looking for a separate type of facility where you can, I guess, give attention to that type of customer." *(Hansard Transcript - p. 597 - June 5, 1991)*

The Member commented that market surveys are supposed to deal with geography and not class distinction. She asked for specifics in relation to the market survey questions and the witness agreed to provide a copy.

Privatization

In response to the Member for Cape Breton South, the witness indicated that there had been no recent (within the last 24 months) studies relating to privatization of parts of the NSLC. Further, he noted that, although there have been ongoing discussions, over the past several years, relating to the sale of beer and wine in grocery stores, no plans have been made to do so. He stated that a study which was carried out in the late 1970's, "....indicated that...beer in the grocery stores would cost more relative to the retail price because of the distribution costs....", but that there have been no recent studies into the matter. *(Hansard Transcript - p. 587 - June 5, 1991)*

The witness advised the Member for Halifax-Cornwallis (Substituting for the Member for Cumberland East) that in his view, the sale of beer and wine in grocery stores would have a negative impact on the financial affairs of the province. He referred to the experience of the Province of Quebec a few years ago, when it adopted a similar plan. The sales of spirits declined dramatically, resulting in a net loss of millions of dollars. He predicted a similar result in Nova Scotia.

Personnel Matters

Hiring Practices: In response to the Member for Cape Breton South, the witness agreed to provide the Committee with statistics relating to female employees. He also advised that there are 705 full time employees, 224 regular part time employees, and 94 casual employees. He noted that 200 of these employees are located in the head office facility.

The Member also noted that he has had complaints that native people experience difficulty when applying for employment with NSLC. The witness was unable to provide any information in this regard.

The Member also noted that people applying to the NSLC for employment are often told to contact their M.L.A. He requested that the management send a directive out to retailers advising them to cease this practice. The witness agreed, and stated that it has never been NSLC policy to refer prospective employees to their M.L.A.

In response to the Member for Halifax-Chebucto, the witness noted that the NSLC is not governed by Civil Service hiring guidelines, rather, it has a Human Resource Department to handle the hiring process. To the Member's concerns about employment equity to address the under-representation of women and some minority groups, the witness promised to provide information on a complete staff review that is currently underway.

Salaries: The witness advised the committee that there was an across the board increase of 5% for executive staff in the past twelve months and their approximate wages are as follows:

Executive Directors (3) $82,000
Directors (8).....$55,000 - $75,000

He noted further that salaries of retail outlet managers are approximately $32,000 and a retail outlet clerk with 5-10 years experience would receive an average wage of $27,144.

Wine-tasting Trip - Bordeaux, France

In response to the Member for Cape Breton South, the Executive Director, Retail Services indicated that he and the current Acting General Manager will be attending the Vin Expo in France. He felt the trip was justified because it would enable the NSLC to maintain contact with their suppliers, who will also be attending. As well, he said it was felt that, globally, Nova Scotia is a very small market and, "It is important that we get the information across.....and try to work with our suppliers to get the products in the format that is appropriate." *(Hansard transcript - p. 590 - June 5, 1991)*

Other Related Matters

Public Awareness Programs - The NSLC, in co-operation with the Premier's Task Force on Drunk Driving, recently designed programs entitled, "Don't Buy for Minors" or You Could Save a Kid's Life". It has been well received by the media and appears to be having a positive effect.

Acadian Sales Promotions - The NSLC is currently preparing a report to deal with four key Acadian areas: Arichat, Clare, West Pubnico and Cheticamp, which will look in such things as bilingual signage.

CONCLUSIONS:

The Public Accounts Committee intends to monitor closely, the contemplated move toward privatization and the dismantling of interprovincial trade barriers, particularly with regard to the impact either of these moves would have on provincial revenues and the unemployment situation.

Material to be Provided by Witness
(See Appendix III)

PROVIDED

1. Employment Statistics Re: Women and Visible Minorities
2. Operations Costs per square foot - Clyde St. Store
3. Market Survey - Spring Garden Place Outlet
4. Staff Review

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UPPER CLEMENTS THEME PARK

June 19, 1991

Witnesses:

Mr. Gerald Coolen, Chairman of the Board
Mr. Neil Mattson, General Manager

Appearing before the Committee on this occasion, were the Chairman of the Board and the General Manager of the Upper Clements Theme Park. A request was directed by the Chairman to the Speaker of the House, for approval to bring another witness, to Halifax from Ottawa. This person was the author of the original feasibility study and business plan for the theme park. The request was denied due to the current policy of fiscal restraint.

Cost Estimates

In response to the Member from Cumberland West, the witness noted that the park was originally estimated to cost $12 million plus $3 million in interest and soft costs. However, there was a cost overrun of $3 million to bring the total to $18 million, when completed. Although the cost overrun occurred early in the construction process, the Board of Directors was not advised until the Theme Park was almost completed.

Note: *In February 1992, the Provincial Government announced that the Upper Clements Theme Park would receive $664,100 in provincial funds to help eliminate its working capital deficit.*

Operating Losses

In response to the Member for Cumberland West, the witness advised that the operating losses for 1990 were $1.9 million and for 1989, $2.9 million. The witness noted that the projected loss for the current year (1991) is estimated to be less than $500,000.

Note: *The actual losses incurred in 1991 were $800,000.*

Attendance

The witness advised the Member for Cumberland West that attendance for previous years was as follows:

1989 - 183,000 1990 - 90,000

and, as of the current date (June 5, 1991), attendance had reached 39,000, although the season had just begun. The increase in attendance was credited to a new policy of free admittance, with customers paying only for the individual attractions. In previous years, visitors were required to pay a flat rate of $15.50 at the gate which covered all attractions.

Note: *The actual attendance for 1991 was approximately 300,000.*

CONCLUSION:

The Theme Park, according to its 1991 statistics, appears to be operating in a more responsible manner, but given the large expenditure of government funds, combined with operating losses over the past two years, the Public Accounts Committee is quite naturally concerned that the park prove itself to be a viable venture.

Material to be Provided by Witness
(See Appendix IV)

PROVIDED

1. Operations Statement: 1989 and 1990
2. Details of Attractions
3. Operational Changes Completed or in Progress

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BUSINESS CAPITAL CORPORATION
and
SMALL BUSINESS DEVELOPMENT CORPORATION

June 26, 1991

Witnesses:

BCC - Mr. Norman MacNeil, President and C.E.O.
Mr. Robert Shaw, Chairman of the Board

SBDC- Mr. Douglas Giannou, Executive Director

The Business Capital Corporation was represented by the President and C.E.O. and the Chairman of the Board. Appearing on behalf of the Small Business Development Corporation, was the Executive Director.

All witnesses declined the opportunity to make an opening statement.

General Information - Loans/Guarantees

Amherst Aerospace: In response to the Member for Halifax-Chebucto, the witness stated that the Amherst Aerospace Industries account ($11 million) was being administered by the Department of Industry, Trade and Technology. He noted that the Business Capital Corporation has no involvement with this account.

Atlantic Defence Industries: The Member for Cape Breton the Lakes referred to a request made by ADIL in December 1989 for a guarantee of $4 million, when they were already in debt to the province for $2.5 million. This request was reviewed and subsequently and very clearly denied by the Business Capital Corporation. However, in less than a month, the Cabinet approved the very same request (OIC NO. 90-80).

Further, the Member noted, the loan guarantee of $4 million expired at the end of February. On that same day, a new deal was put through, in the amount of $5.5 million. The witness noted that the decision to increase the original request by $1.5 million, was made as a security measure on the land, building and equipment that had been appraised at more than $3 million. However, the company has since gone into receivership and offers for the assets have been less than $1 million.

Halifax-Dartmouth Industries: In response to the Member for Cape Breton South, the witness advised that a guarantee of $22.5 million that was authorized by Cabinet in 1988 for Halifax-Dartmouth Industries, is still outstanding. As of March 31, 1991, no provision has been made for that guarantee to be paid out.

Northside Industrial Park, Cape Breton: The witness advised that the BCC provided assistance to three companies, in the Northside Industrial Park, of which one - Cape Breton Chemicals Limited - went into receivership.

Seafreez: The witness noted that the Seafreez Loan ($18,208,000), which was authorized by Cabinet, is in good standing and the Member for Guysborough commented that has resulted in 600 jobs for the community in question.

Westray Coal: The Member for Cape Breton South asked the witness to clarify loan arrangements to Westray Coal, totaling $12 million. The witness stated that BCC is administering that loan, although he was unable to advise the Member if any payments had been made on the loan to date. The Member expressed concern that the witness had not come prepared to discuss this loan in detail, since it has been a topic of discussion in the legislature for three years and has received a great deal of media coverage.

The Member for Cape Breton the Lakes expressed his view that the Department of Industry, Trade and Technology made an agreement to postpone the loan and that no payments are due until all other lenders have been paid. The witness was unable to confirm or deny his comments.

The witness was unable to provide specific information on the 'take or pay agreement', referred to by the Member for Cape Breton South.

BCC Loans- Approved by Cabinet

The Member for Cape Breton South expressed concern that several loans had been approved by Cabinet without first being referred to the Business Capital Corporation for an assessment. The witness noted that during the period April 1, 1990 to March 31, 1991, five such loans or guarantees were approved by Cabinet. They were:

Amherst Aerospace.....$ 11,000,000
Seafreez Foods.....$ 18,208,000
Bedford Waterfront
Development Corp.....$ 2,500,000

Halifax-Dartmouth
Industries Ltd.....$ 3,700,000
Waterfront Development
Corporation (Hfx.)...$ 10,000,000

NOTE: Following the meeting, the witness advised that there were two other authorizations by Cabinet, that BCC and the companies and question could not agree upon:

Highland Shipping, Limited, Cumberland County
Pharmaglobe Manufacturing Limited, Hants County

However, the witness did not provide financial details.

BCC Loans - Writeoffs

In response to the Member for Guysborough, the witness stated that there are currently 140 loans in the BCC portfolio and that out of these, only 10 are in arrears.

The Member for Cape Breton The Lakes commented that, the current loans in arrears, together with previous write-offs, results in a total of approximately 20 write-offs and 10 loans in arrears since April 1, 1989.

Medical Associated Services (MAS): The witness, in response to the Member for Halifax-Chebucto, stated that the $1 million in assistance to MAS, a company now under RCMP investigation, was written off rather quickly, because "...the money was advanced as an income debenture and the repayment terms were based on profitability of the company. Since the company was no longer in operation....we wrote it off." *(Hansard transcript - p. 684 - June 26, 1991)*

The Member expressed her view that some attempt should have been made to secure that $1 million in assistance by an arrangement to reach beyond the Nova Scotia operation, since MAS is a subsidiary of a very profitable American corporation. The witness stated, "...in hindsight, I would agree with you." *(Hansard transcript - p. 684 - June 26, 1991)*

High-Tech Woodworkers: The Member for Halifax-Chebucto commented that High-Tech Woodworkers had received initially, a $100,000 grant from the Federal-Provincial Technology Agreement, which was followed by $400,000 grant in April 1990 through Cabinet, under the General Administration Special Assistance Fund. She stated that, when asked, the Minister explained that the $400,000 grant "...was for the purpose of levering $1.7 million in interest rate buy-down and $4.2 million in loan guarantee from ACOA." The witness replied that it

would not be appropriate for him to comment on government policy. *(Hansard Transcript - p. 686 - June 26, 1991)*

SBDC - Industrial Loans Fund

Tartan Downs: In response to the Member from Dartmouth North, the witness advised that SBDC holds the first mortgage on Tartan Downs Limited under the Industrial Loan Fund. He noted that a recent appraisal set the value of the assets at approximately $700,000.

The witness stated further that the history of the account goes back several years, and in the early 1980's was handled by the Resources Development Board. Loans were made for equipment purchases and eventually were converted into preferred shares, of $2.333 million, because it was obvious the racetrack could not support that level of loans. A new loan of approximately $900,000 was made through Cabinet, and not through the SBDC. The purpose of this loan was to take out prior charges:

Loan/Bank of Montreal.....$245,000
Property Taxes/Sydney.....$342,000
Pari mutuel taxes.....$352,000
N.S. Health Services Tax.....$ 55,000

The Member commented that a loan of $994,500 plus other shares of $2.333 million to Tartan Downs seems unreasonable on a business assessed at $700,000.

Concerns of the Auditor General

The Member for Halifax-Chebucto referred the witnesses to page 128 of the 1990 Report of the Auditor General, specifically his statement, "Policies and procedures for monitoring and collection activities are not adequately developed or documented." She asked if any specific policy changes had been implemented in this regard. The witness replied, that while the BCC agreed in principle with some of the Auditor General's concerns, they found his remarks were too general and appeared to encompass both the BCC and the SBDC. They have since written to him for clarification.

Other Related Matters

Halifax Water Tours - The Executive Director of the Small Business Development Corporation, in response to the Member for Cape Breton the Lakes, stated that the above company has been applying for loans for the past

several years. Most recently, a loan was paid out on schedule and a new loan was requested shortly thereafter to refurbish the boat (approx. $100,000).

CONCLUSION:

The Public Accounts Committee intends to follow-up on the request made by BCC to the Auditor General to learn the specifics of his concerns relating to 'policies and procedures for monitoring and collection activities'. The Committee will schedule further meetings with the BCC to chart the progress of the implementation of the Auditor General's suggestions.

Material to be Provided by Witnesses
(See Appendix V)

BUSINESS CAPITAL CORPORATION (BCC)

PROVIDED

1. NSBCC accounts by County as of March 31, 1991 and the financial assistance authorized.
2. Industrial Expansion Accounts by County, as of March 31, 1991 and the financial assistance authorized.
3. Details of the Westray Coal Mine Account

SMALL BUSINESS DEVELOPMENT CORPORATION (SBDC)

PROVIDED

1. Status of Halifax Water Tours Account
2. SBDC Clients in Northside Industrial Park
3. Status of James Publications Limited
4. List of Accounts approved by SBDC during the past fiscal year in excess of $100,000

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TEACHERS' PENSION COMMISSION

July 3, 1991

Witnesses:

Mr. R. W. C. Jack, Commission Secretary
Mr. Paul Conrad, Actuary

The Commission Secretary was accompanied by the Actuary of the Teachers' Pension Fund. They declined the offer to make any opening statement, referring instead to material which they circulated to the Committee prior to the meeting.

Unfunded Liability

Discussion was begun on the problem of the unfunded liability by the Member for Cumberland West. The witness advised the Committee that, by July 31, 1991, the unfunded liability would be approximately $1.1 to $1.2 billion. The last evaluation, which was done three years ago, was $845 million. The annual payout of pensions and benefits amounts to approximately $70 million.

The Commission Secretary commented that possible solutions to the problem are "....being discussed extensively in a forum, involving myself, an official of the Department of Education and an official of the Teachers' Union." *(Hansard Transcript - p. 700 - July 3, 1991)* However, he pointed out that although a number of options have been considered, no consensus has been reached on the proper course of action.

Contrast with Public Service Superannuation Plan

The Member for Cumberland West pointed out that, although both plans have similar characteristics, i.e. cost-shared contributions between the employer and employee, the Public Service Superannuation Plan appears to be operating reasonably well, while the Teachers' Pension Plan is in serious trouble. The witness expressed his opinion that in the past, a number of changes were made to the Teachers' Pension Fund, which made it a richer plan. These changes were not funded at the time they were made, but he felt that "...one would have to really do a line by line comparison of the various provisions in both plans and the methods of administration." *(Hansard Transcript - p. 704 - July 3, 1991)*

Administration of the Teachers' Pension Fund

In response to the Member for Cumberland West, the witness stated that the trusteeship, which has the responsibility for investments, belongs to the Deputy Minister of Finance. The Administration of the plan itself is the responsibility of an independently appointed organization, The Teachers' Pension Commission. He noted, however, that "There are certain questions related to administration that aren't really addressed in the Teachers' Pension Act.....hard to say who has ultimate responsibility." *(Hansard Transcript - p. 705 - July 3, 1991)*

Opinion of Actuary

The Member for Dartmouth North asked the Actuary to comment on how this plan would compare with a pension plan being run by a business in Nova Scotia. He stated that business would be governed by the Pension Benefits Act of the province, which would require that the unfunded liability be paid for by the plan sponsor, the employer. He noted further that the Pension Benefits Act also does not apply to the Public Service Superannuation Plan.

He advised the Committee that, "In the past, recommendation.....made with respect to appropriate funding levels.....have never been followed because nobody could agree as to whose responsibility the funding was." *(Hansard Transcript - p. 707 - July 3, 1991)*

Information Provided to Teachers

Several Members, including the Member for Halifax-Cornwallis (substituting for the Member for Colchester South), expressed concern that most teachers do not appear to have a good appreciation of the seriousness of the unfunded liability. He suggested that the Commission take steps to ensure that adequate information on the current state of the plan, and its future prospects are distributed to every teacher. The witness noted that the Commission advises the NSTU and the Union, in turn, consults with their members.

CONCLUSIONS:

This meeting with the Teachers' Pension Commission did not provide the Public Accounts Committee with much insight into the way in which the problem of the unfunded liability should (or could) be addressed. The

Committee, therefore, held a meeting on November 27, 1991 with the President of the Nova Scotia Teachers' Union and the Deputy Minister of Finance, in an attempt to do so. (See Pages 40-43)

Material to be Provided by Witness
(See Appendix VI)

PROVIDED

1. List of Suggestions to Reduce Unfunded Liability

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HALIFAX-DARTMOUTH BRIDGE COMMISSION

July 10, 1991

Witnesses:

Mr. Reg Prest, Chairman
Mr. James Shea, Secretary
Mr. Basil Gordon, General Manager and C.E.O.
Mr. Ken Munro, Treasurer - A. Murray MacKay Bridge

The Chairman of the Bridge Commission was accompanied by the General Manager and C.E.O., the Commission Secretary and the Treasurer of the A. Murray MacKay Bridge. They declined the opportunity to make opening remarks.

Refinancing of the HDBC Debt

In response to the Member for Cape Breton South, the witness advised that the HDBC has borrowed $100 million from the Bank of Montreal to repatriate its debt. The actual transaction was handled by the Department of Finance. The witness further stated that the intent is to pay the debt off in ten years. A minimum of $5 million dollars per year will be paid to the bank, with such payments being supplemented by revenues from a proposed increase in bridge fares.

Fare Increases

Most Recent: In response to the Member for Dartmouth North, the witness stated that due to the latest fare increase traffic flow did not increase as expected. However, revenue went from $8 million the previous year to $14 million, after the increase.

Proposed: The witness advised the Member for Cape Breton South that a proposal will be going to the Public Utilities Board to increase the bridge fares from $0.50 to $0.75 and perhaps $0.05 per year for ten years. It is anticipated that such a plan would result in a sinking fund of approximately $72 million, which would be applied directly to the promissory note.

Note: In February 1992, bridge fares were increased as follows:

Cash-	$0.50 to $0.75
Tokens-	$0.40 to $0.60

Bridge Administration

In response to the Member for Cape Breton South, and the Member for Halifax- Chebucto, the witness expressed his view regarding the suggestion that the Department of Transportation should assume the responsibility of the HDBC.

He stated that bridges require specialized staff, to provide for ongoing maintenance. He noted that bridge maintenance is much more involved than highway maintenance. Further, he noted that experience elsewhere shows that when bridges and tunnels are taken out of the hands of a specialized board, they soon deteriorate.

Addition of a Third Lane - Macdonald Bridge

In response to the Member for Cape Breton South, the witness advised the Committee that the HDBC is still actively considering the addition of a third lane to the Macdonald Bridge to improve traffic flow. He noted that a full traffic report is currently being conducted by O'Halloran Campbell Engineering. The report will deal with many factors, including adjustments to access roads.

Although reluctant to put a dollar figure on the costs involved, the witness did state that a complete deck replacement was due for the Macdonald Bridge by 1995, at a cost of approximately $30 million. It would be most practical to add the third lane at the same time, and presently, the cost is estimated to be approximately $6 million. However, he noted, this does not take into account the cost to upgrade the access roads to the bridge. *(Hansard transcript - p. 742 - July 10, 1991)*

Overweight Trucks

In response to the Member for Dartmouth North, the witness confirmed that a large portion of the repair cost to the bridges can be attributed, according to engineering consultants, to overweight trucks.

He noted that there is not a facility to weigh these trucks in the metro area. The HDBC proposes to purchase motion scales for the A. Murray MacKay Bridge, at a cost of $1 million. If their proposal is accepted, the HDBC feels that the problem will be well in hand, as the scales will calculate the toll according to the weight of the truck, and overweight vehicles will be barred from crossing the bridge.

Other Related Matters

Liability Insurance - The witness stated that the HDBC carries $125 million in liability insurance and that it is tendered, although they have dealt with the same company for several years. The insurance covers a total of 18 vehicles, including tractors and snowplows.

Public Relations: The Member for Cape Breton South enquired about the makeup and the role of the HDBC's Public Relations Committee. The witness replied that other than three Commissioners, there is a Public Relations person, under contract for about $15-20,000 per year. His principle role is to deal with complaints. The Member had difficulty seeing the need for this type of expenditure.

CONCLUSIONS:

The Public Accounts Committee agrees with the move to repatriate the bridge debt, and will monitor the progress toward the HDBC goal of being free of this debt in ten years.

Also, the Committee intends to keep itself apprised of the steps, particularly in financing, that will be taken by the HDBC and the Province of Nova Scotia, to add a third lane to the Angus L. Macdonald Bridge. The minimum proposed cost of $36,000,000 for a new deck and the additional lane, plus the unknown costs of upgrading the access roads warrant close scrutiny, so that the taxpayer is not placed in another 'uncontrollable debt' situation.

The Halifax-Dartmouth Bridge Commission was not requested to provide additional information to the Public Accounts Committee.

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DEPARTMENT OF EDUCATION

September 11, 1991

Witnesses:

Mr. Armand Pinard, Deputy Minister
Mr. Douglas E. Nauss, Director, School Planning and Conveyance
Mr. John Levangie, Chief Director, Finance and Budgeting

The Deputy Minister of Education was accompanied by the Director of School Planning and Conveyance. Also in attendance, as an Observer, was the Chief Director of Finance and Budgeting for the Department of Finance.

The witnesses declined the offer to make an opening statement.

Schcol Closures

The Member for Cape Breton South commented on the fact that in the past 12 years, in excess of 100 schools in rural areas, have been closed. He noted further that rural school boards have been placed, by government, in a position where they are financially unable to provide for the needs of the students in their district.

He asked the Deputy Minister to inform the Committee as to the plans underway in the Department of Education to address this issue. The witness replied, "...what we want to try to do is concentrate our efforts over the coming year in taking a longer term approach to school planning.....also setting up processes that will allow us to....better plan this...." *(Hansard transcript - p. 757 - September 11, 1991)*

The Member stated that he has heard talk of plans for years, but still the schools are closing. He suggested that a moratorium be put on closing rural schools until this is sorted out.

The Chief Director, Finance and Budgeting, explained that the funding formula for school boards "is allocated 50/50 in terms of the square footage that the ....and the number of students.....is designed to encourage the efficient utilization of space so that if a school board does close a school, they do not lose all the property service grant." He noted that declining enrollment has contributed to school closures across the country. *(Hansard transcript - p. 759 - September 11, 1991)*

In response to the Member for Kings West (substituting for the Member for Colchester South), the witness stated that since 1979, there have been 119 school construction projects approved at an estimated cost of $289.9 million.

Teachers' Pension Fund
Agreement Between NSTU and the Premier

The Member for Dartmouth North, commented on recent media reports, of an agreement reached by the Premier and the President of the NSTU, to have the parties involved sit down with an outside person to deal with the unfunded liability of the fund. In exchange, the NSTU withdrew a threat to strike. The witness stated that the Premier had not consulted with the Department prior to this arrangement.

The witness also stated that the NSTU received assurances at this meeting that there would be no substantive layoffs of teachers, as a result of the wage freeze.

Note: In October 1991, the Nova Scotia Teachers' Union rejected, by a vote of 57%, to accept the deal made between the Premier and the President of the NSTU.

In February 1992, the Minister of Education and the President of the NSTU jointly announced the appointment of a consultant, who will report his findings by June 1, 1992.

Provision of Adequate Textbooks

In response to the Member for Halifax-Chebucto, the witness stated that schools should not be experiencing problems in obtaining adequate textbooks, because the school boards are allocated $35 per student which, with volume buying, will provide two new texts per student each year.

Amalgamation of Education Departments

In response to the Member for Cape Breton South, the witness stated that a rather detailed process is being carried out to amalgamate the Department of Education and the Department of Advanced Education and Job Training. The process is expected to be completed by January 1992.

Other Related Matters

Select Committee on Education - The witness noted that, to his knowledge, prior to the Education legislation that was introduced in the Legislature last Spring, no substantive research was done on the subject at hand. The legislation did not pass through the House and therefore the Select Committee was struck and advised to report back to the House by March 31, 1992.

CONCLUSIONS:

The Public Accounts Committee intends to pay close attention to the recommendations of the Select Committee on Education, particularly in relation to school closures.

Also, after January 1992, the Committee intends to request a cost accounting of the amalgamation of the Departments of Education and Advanced Education and Job Training, with a second review of the operational costs, approximately one year later.

Material to be Provided by Witness
(See Appendix VII)

PROVIDED

1. 1992-93 Estimated Expenditures and Projected Funding of School Boards, by District
2. New School Projects - Approved During Past Two Years
3. School Closures - January 1988 to September 1991
4. Department of Education - Activities Dealing with Dropout Problem
5. Private Trade Schools and Number of Student Loan Approvals for same
6. Applications for Approval of School Construction Projects, by Constituency
7. Details on Taxation Powers for School Boards
8. Terms of Reference of the Pension Consultant for the Teachers' Pension Commission

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PROVINCIAL TAX COMMISSION

October 2, 1991

Witnesses:

Mr. Allan Manuel, Deputy Minister of Finance
Mr. David Quaintance, Manager, Tax Information System
Mr. James Spurr, Financial Counsel

Appearing on behalf of the Provincial Tax Commission were the Deputy Minister of Finance, the Manager of the Tax Information Section and the Financial Counsel of the Provincial Tax Commission. The Provincial Tax Commissioner was unable to attend due to illness.

The Deputy Minister was the principle witness.

In his opening remarks, the Deputy Minister commented on how the recession is having an impact on health services tax revenues. He also noted that efforts are being made to deal with the difficulty of collecting tax from telemarketers and commercial dealers at flea markets.

Tax Revenues

The witness, in response to the Member for Cape Breton the Lakes (Substituting for the Member for Cape Breton South), reiterated his opening remarks regarding the effect the recession is having on tax revenues. He noted that the estimated tax revenues for the current fiscal year are currently as follows:

Health Services
and Tobacco Tax.....down by $20,000,000

Fuel Tax.....down minimally (due to price decreases)

Income Tax.....no change

The Member for Lunenburg East (Substituting for the Member for Dartmouth North) expressed skepticism that there would be no change in the Income Tax Revenues. He based his view on the vast number of people who became unemployed in this current fiscal year.

Additional Appropriations

The Member for Cape Breton the Lakes asked the witness to comment on the Auditor General's concerns over an overexpenditure of $160 million in fiscal 1990. The witness replied, "There are obviously areas where costs go up....expenditures on social assistance may be higher than were originally projected." *(Hansard transcript - p. 795 - October 2, 1991)*

Flea Market Taxation

In response to the Member for Halifax-Chebucto, the witness stated that the Tax Commission is working in co-operation with the Voluntary Planning Board to deal with the problem of commercial operators who sell through flea markets and thus, avoid paying PST. He noted that plans have not been finalized and, to date, no extra staff has been hired to collect this tax.

Harmonizing the GST and PST

In response to the Member for Halifax-Chebucto, the witness replied that there had been many arguments placed before them on both sides of the issue, and stated that the decision not to harmonize was made because, "...on an overall basis, our feeling is that the impact would be more negative than positive." *(Hansard Transcript - p. 797 - October 2, 1991)*

In response to the Member for Lunenburg East, the witness stated that cross-border shopping in Nova Scotia is not of the same magnitude as in other provinces. He noted, however, that the Federal Government will not collect the PST at border crossings, unless it is harmonized with the GST. *(Hansard Transcript - p. 804 - October 2, 1991)*

Taxation Policies - Indian Reserves

Tax on Gasoline - In response to the Member for Cape Breton the Lakes, the witness replied that, after some discussion with them, draft agreements were sent to the Band Chiefs, in April, which would provide for the provision of tax-free gasoline on reserves for the personal use of residents. However, to date, they have not replied.

Tax Exemption for Municipalities - In response to the Member for Cape Breton the Lakes, the witness stated that, according to the Indian Act, transactions are exempt only if they are conducted on the reserve, or delivered by an independent carrier to the reserve.

Although with constitutional change, we appear to be moving toward aboriginal self-government, the Province of Nova Scotia, currently does not equate reserves with municipalities.

Other Related Matters

Tax Collection - In response to the Member for Lunenburg East, the witness noted that additional staff has been hired in the audit area of the Health Services Tax Section, to ensure that the collection of taxes is properly administered.

Dismissal of Tax Auditor - In response to the Member for Halifax-Chebucto, the witness stated that he is restricted from discussing individual accounts under the Finance Act.

Cigarette Packaging - The Member for Kings West (substituting for the Member for Cumberland East), who is also the Minister of Health, expressed concern over the small pack of cigarettes (15), referred to as the 'kiddie pack', because it falls in the price range of young people. The witness stated that his department would be willing to sit down with the Department of Health to discuss various means of restricting the availability of tobacco products to children.

CCNCLUSIONS:

The Public Accounts intends to monitor the growth of overexpenditures, and may ask the Auditor General for an expanded report on this matter. The Committee will maintain records of all OIC's of a financial nature.

Material to be Provided by Witness
(See Appendix VIII)

NOT PROVIDED

1. List of Outstanding Accounts

2. List of Tobacco Wholesalers
   (see related correspondence - Appendix VIII)

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NOVA SCOTIA POWER CORPORATION

October 30, 1991
February 19, 1992

Meeting of October 30

Witnesses:

Mr. Louis Comeau, President and C.E.O.
Mr. Gary Oickle, Vice-President, Finance
Mr. Terry MacDonald, Vice-President, Environment and Planning
Mr. Gerry Lethbridge, Vice-President, Engineering and Production
Mr. Len Sweett, Vice-President, Customer Services

The President and C.E.O. of the Nova Scotia Power Corporation was accompanied by the Vice-Presidents of Finance, Environment and Planning, Engineering and Production, and Customer Services.

In a brief opening statement, the President and C.E.O. advised the Committee that the Corporation has had a good year financially, and if the Power Smart Program continues to be successful, the province will not require an additional power plant until the year 2000.

Rate Increases

In response to the Member for Halifax-Chebucto, the witness stated that, if there was to be a separate billing formula for senior citizens, it could not be done through the NSPC rate system. NSPC rates are regulated in three categories: domestic, commercial and industrial, and the corporation. He suggested that assistance could perhaps be gained for seniors and others on fixed incomes, through some form of government assistance program.

In response to the Member for Antigonish, the witness indicated that it is the intention of the NSPC to ask the P.U.B. for rate increases on a yearly basis. The Member noted that yearly increases are much more efficient than the previous practice of delaying the process by several years at a time.

Trenton 6 Generating Plant

The Member for Cape Breton the Lakes (substituting for the Member for Cape Breton South) asked the witness to comment on the opening of the above-mentioned plant. The witness noted that the official opening was on October 22, 1991. The date of the formal commercial operation, however, was October 7.

Curragh Resources - Westray Coal Mine

Coal Supply: In response to the Member for Cape Breton the Lakes, the witness confirmed that, although the entire coal supply for Trenton 6 was originally intended to come from the Curragh Resources Mine at Westray, currently the case there are three sources:

50% :- Westray Mine, Pictou County
- Pioneer Mine (open pit),
Westville, Pictou County

50% :- Cape Breton Development Corporation (DEVCO)

The witness stated also, that arrangements have been made with DEVCO to supply, until December 31, 1991, 80,000 tons of supplemental coal for use in Trenton 6.

The Member for Cape Breton the Lakes, asked the witness to confirm that the NSPC sent an engineering delegation to the Westray and concluded that Westray cannot produce enough coal to meet NSPC specifications in the volume required, at least before the beginning of 1992. The witness replied, "Yes, that is correct." *(Hansard Transcript - p. 816 - October 30, 1991)*

The witness commented that, although it is true that the Westray Mine is having some start-up difficulties, it is anticipated that they will resolve their problems very shortly.

The Member referred to a report of Curragh Resources, which advised stockholders that 278,000 tons of coal will be delivered to Trenton from the Westray Mine in the calendar year 1991. The witness agreed that this is a totally unrealistic figure.

Safety: The Member for Cape Breton the Lakes noted that there have been six confirmed roof falls or cave-ins in the last six months.

Private Power Projects - Conflict of Interest

The Member for Antigonish noted that there is a perception of a conflict of interest when a private power company, Provincial Thermal Utilities, occupies office space at the NSPC and then is placed on the NSPC short-list of potential private power producers.

The Member for Antigonish stated that the Richmond County Industrial Commission are concerned about the environmental impact this project is going to have on their communities. He tabled a letter that was written by the Chairman of the Richmond County Industrial Commission to the head of Provincial Thermal Utilities, dated September 13, 1991, which requested additional information and inviting the gentleman to meet with them and officials from neighboring municipalities to discuss their concerns. To date, there has been no reply.

The witness replied that the gentleman who owns the company has been doing consulting work for NSPC, but in his private capacity, he has been developing a project with the municipalities. He stated, "We really felt the project was good...but in retrospect....I would not have allowed this to happen..." *(Hansard Transcript - P. 821-2 - October 30, 1991)*

The Member for Guysborough, who was also the Minister for Natural Resources, disagreed strongly with the view of the Member for Antigonish. The witness commented that, "...many consulting companies often have contracts with the Nova Scotia Power Corporation, if we were to exclude those companies from participating in another contract for services....it might eliminate a whole lot of people..." *(Hansard transcript - p. 826 - October 30, 1991)*

Co-operation Between Maritime Power Corporations

The Member for Kings South asked the witness to apprise the Committee of discussions that have been taking place between the power utilities of Nova Scotia, New Brunswick and Prince Edward Island.

The witness replied that agreement has been reached to participate jointly in the procurement agreements that the Council of Maritime Premiers has developed, whereby any purchased goods over $25,000, any consultant service above $50,000 and any construction project above $100,000, must be publicly advertised. He also noted that a study is underway to determine the Maritime load and how it is being met, with a view to making the product more competitive.

Other Related Matters

Replies to Written Questions - The Member for Antigonish referred to Written Question No. 21 dated July 5, 1991, to which he has not received a reply. The information he required was the price paid per ton, including transportation, if applicable, for the supply of limestone to the Point Aconi Power Plant.

The Member referred to another Written Question, dated July 10, 1991, to which there has been no reply, for the fuel sources used in private power projects.

The witness promised to deal with these requests shortly after this meeting (October 30).

Bluenose Project - In response to the Member for Antigonish, the witness stated that the Bluenose project is, "essentially on the back burner." *(Hansard transcript - p. 835 - October 30, 1991)*

Debt-Load - In response to the Member for Antigonish, the witness stated that the debt outstanding at the end of September 1991 was about $2.5 billion, with sinking funds established at $470 million for a total of approximately $2.1 billion. It is anticipated that by March 1993, the net debt would be approximately $2.8 billion. *(Hansard transcript - p. 836 - October 30, 1991)*

Maccan Power Plant - In response to the Member for Cumberland East, the witness stated that studies are currently underway on the viability of the Maccan plant and any decisions will be made subsequently.

* * * * *

Meeting of February 19

Witnesses:

Mr. Louis Comeau, President and C.E.O.
Mr. Gary Oickle, Vice-President, Finance
Mr. Terry MacDonald, Vice-President, Environment and Planning
Mr. Gerry Lethbridge, Vice-President, Engineering and Production

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This meeting was called principally to discuss the Government's announcement in January 1992, of its plans to privatize the Nova Scotia Power Corporation. The President and C.E.O was accompanied by the Vice-Presidents of Finance, Planning and Environment and, Engineering and Production.

The President and C.E.O spoke briefly on the the current financial condition of the company, and the planning processes being followed regarding the privatization plans.

Privatization Plan

In its announcement of the privatization plan, the Government stated that, pending approval by the Legislature, the privatization process will begin in June. The public shares will constitute 57% of the company, and will be sold for $400 million. The Province will purchase the remaining shares for $200 million.

The President and C.E.O. stated that, in making the transition to a private concern, the NSPC and the Government of Nova Scotia are in the process of developing three planning strategies:

1) Financial - development of a prospectus containing the financial position of NSPC, disclosures, taxes, etc.

2) Legal - relating to corporate structure, legislation and development of the Act, reporting requirements and all contractual agreements.

3) Human Resources - whole series of issues, including an agreement with the Province re the Public Service Superannuation Fund.

Research/Studies: The President and C.E.O, in response to the Member for Halifax-Chebucto, advised that, the decision to privatize was made without benefit of any studies to evaluate the cost and benefits, but rather, was based on a philosophical belief that it will be successful.

Political Influence: Both the Member for Cape Breton South and the Member for Halifax-Chebucto expressed concern that politics could have played a role in the decision to privatize. They referred specifically to the fact that the contract for promotional work has been given to a gentleman who organized the 1988 election campaign for the P.C. Party, and that the current Chairman of the P.C. Election Planning Committee has been retained as legal counsel.

The witness replied that the services of both individuals had been engaged because of their expertise and previous experience with the NSPC.

NSPC Personnel: The witness, in response to the Member for Halifax-Chebucto, acknowledged that it was impossible to guarantee that there will be no layoffs of staff, but that every effort will be made on behalf of the employees.

The Member for Cape Breton South commented on several calls he has received from NSPC employees concerned about their pensions and Public Service Awards. In response, the witness noted that the NSPC is currently working on an evaluation of the pension fund. He stated that, although there can be no Public Service Award because we are no longer public servants, "there will be some form of retirement award..." *(Hansard transcript - p. 934 - February 19, 1992)*

Bondholders: In response to the Member for Cape Breton South, the witness stated that there are mechanisms in place to maintain obligations to bondholders and to relieve the government of the debt through a process called defeasance.

Finances: Opposition Members of the Committee expressed frustration at not being able to get clear answers to their questions regarding the financial aspects of the privatization plan. The Members for Cape Breton South, Cape Breton the Lakes and Halifax-Chebucto, were unable to get much more information than was already in the public domain. The answers to their questions were often vague and sometimes contradictory.

Power Rates: The Member for Cape Breton South expressed the view that, in order to provide a fair rate of return to investors, power rates are going to have to increase considerably. The witness replied that the projections are for a 2.1 percent increase now, and 5 percent for each of the next two years, followed by a 2 percent increase the year after. However, he noted, "....it won't necessarily be exactly like that, but we anticipate that the rate structure will essentially be the same." *(Hansard transcript - p. 916 - February 19, 1991)*

CONCLUSIONS:

None presented.

Material to be Provided by Witness
(See Appendix IX)

October 30, 1991...

PROVIDED

1. Westray Coal - Amount to be delivered to NSPC prior to December 31, 1991
   - Amount of coal received by NSPC during the week of October 21, 1991

2. Cost per ton of Limestone at Point Aconi, including transportation
3. Fuel Source(s) for Private Power Producers
4. Details re Increase in Staff Complement since 1987
5. NSPC Policies re Affirmative Action and Employment Equity

February 19, 1992 ...

NOT PROVIDED

1. Re 200 Invitation-Only Tenders/Trenton 6:
   - -names and addresses of the successful bidders and the amount of each bid
   - -names and addresses and the amounts of the bids for the three lowest bids in each case
2. Polling Information re Privatization Plan
3. Costs paid out to Mr. Peter Gurnham and Mr. Ian Thompson, re Privatization
4. Itemized List of Cost-Savings and Operational Changes as a result of Privatization

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DEPARTMENT OF FINANCE

NOVA SCOTIA TEACHERS' UNION

November 27, 1991

Witnesses:

NSTU-

Mr. Russell MacDonald, President
Mr. Emmet Currie, Executive Director
Mr. Ron MacPherson, Executive Staff Officer
Mr. Bill Redden, Executive Staff Officer

DEPT. of FINANCE -

Mr. Allan Manuel, Deputy Minister

Observers:

DEPT. of EDUCATION -

Mr. John Levangie, Chief Director, Finance and Budget
Mr. Robert W. Jack, Commission Secretary, Teachers' Pension Commission

---

The Nova Scotia Teachers' Union (NSTU) and the Deputy Minister of Finance were invited to appear before the Committee to discuss the unfunded liability of the Teachers' Pension Fund.

The President of the NSTU was accompanied by the Executive Director, and two Executive Staff Officers. The Deputy Minister of Finance was unaccompanied. However, two observers from the Department of Education were present: the Commission Secretary of the Teachers' Pension Commission and the Chief Director, Finance and Budget.

The Deputy Minister tabled a document outlining the rates of return on the investments for the Teachers' Pension Fund and the Public Service Superannuation Fund.

The President of the NSTU gave a presentation relating the history of the Teachers' Pension Fund, from 1954 to the present day.

Unfunded Liability

The unfunded liability of the Teachers' Pension Fund is approaching $1.2 billion and, according to actuarial reports, will be forced to consider selling off assets by the year 2007. The benefits of the fund are administered by the Teachers' Pension Commission, which reports to the Minister of Education. However, the actual investment is done by a committee of the Department of Finance, which is chaired by the Deputy Minister.

In their presentation, the NSTU defines the unfunded liability as follows:

"...the difference between the actuarial value of the fund and the actuarial liabilities as at a given date. The actuarial value of the fund is quite simply the value of the assets which comprise the fund, and the actuarial liabilities of the fund comprise the present value of the pension obligation accrued by plan members as at the valuation date."

The Member for Antigonish (Chairman) agreed with their definition, however, he took exception to a reference

that was made to school closures. He stated that the unfunded liability has absolutely nothing to do with school closures, and the NSTU should refrain from using this example.

In response to the Members for Cape Breton South and Dartmouth North, the witnesses made the following comments:

Contribution Levels

NSTU...

> The NSTU feels that current contributions are paying for current benefits, and therefore, present day teachers and taxpayers should not be expected to shoulder the entire burden.

FINANCE...

> the Deputy Minister of Finance disagreed, stating that "...if you looked back....over the actuarial reports and compare the cost of current service...there has been a lag in the increase in the contributions to meet the cost of current service." *(Hansard transcript - p. 861 - November 27, 1991)*

Investment Strategies

NSTU...

The witness noted, that in the view of the NSTU, the unfunded liability has resulted from poor government management.

The Public Service Superannuation Plan and the Teachers' Pension Fund are administered by the same people. However, the Public Service Plan has a $279 million unfunded liability in comparison with the Teachers' Plan, which has an unfunded liability of approximately $1 billion.

He suggested that the reason for the difference in the levels of unfunded liability is that different investment strategies were used.

FINANCE...

The Deputy Minister again disagreed. He noted that, "The two funds have been managed in basically the same manner...as you can see from the returns I circulated earlier." *(Hansard Transcript - p. 860 - November 27, 1991)*

NOTE: The Deputy Minister of Finance left the meeting at this point, due to another commitment. In the following, 'witness' refers to the NSTU representatives.

Possible Solutions

The Member for Dartmouth North, referred to a suggestion made by the Commission Secretary of the Teachers' Pension Commission that, if disability provisions were removed from the pension plan and replaced with a separate disability insurance fund, it could reduce the liability by $52 million. The NSTU witness stated, "That was an item we were ready to deal with..." *(Hansard transcript - p. 861 - November 27, 1991)*

The Member for Halifax-Chebucto, referred to a suggestion made by the Actuary, that a 50 year strategy is necessary to deal with the problem. The NSTU witness agreed with this plan. The Member for Pictou Centre (substituting for the Member for Cumberland East) also commented on the merit of such a plan.

Government / NSTU Consultations

The witness, in response to the Member for Cape Breton South, confirmed that 18 meetings had been held with government, in the past two years, on this topic. He noted that as meetings progressed, NSTU and Government had a difference of opinion on "...whether to eliminate (unfunded liability) or not and what the percentage ought to be of a responsibility by the parties." *(Hansard transcript - p. 859 - November 27, 1991)*

The Member for Halifax-Chebucto expressed concern over the confrontational attitude that has developed between the parties. The Member for Pictou Centre agreed, stating, "I think it is incumbent on both sides to come back to the process....to address the unfunded liability question." *(Hansard Transcript - p. 863 - November 27, 1991)*

The President of the NSTU stated that he would be willing to continue negotiations with the government to resolve this issue, however, he does not have a mandate to do so from his membership. He noted that the reneging of the NSTU contract in May, by the Government, has created a great deal of tension.

Agreement / Premier and NSTU - In response to the Member for Cape Breton South, the witness stated that the agreement reached was for an independent person, preferably from outside the province, to be appointed by the government in mutual agreement with NSTU, to recommend a solution to the problem. The agreement was later nullified by a vote of the NSTU membership.

However, on February 12, 1992, the Minister of Education and the President of the NSTU, jointly announced that a consultant has been hired to study the problem of the unfunded liability and has been asked to issue a report by June 1. The study will be cost-shared by the NSTU and the Province.

Providing Information to Teachers

The Member for Guysborough expressed his concern that, prior to recent months, most teachers were unaware of the desperate state of their pension fund. He felt that those responsible for keeping them informed had failed them, and urged the NSTU to take this responsibility seriously.

Other Related Matters

Comparison / Other Provinces - In response to the Member for Cape Breton South, the witness stated that the NSTU has recently completed a comparative study of benefits

and contributions between the Nova Scotia plan and that of other jurisdictions. The study found no appreciable difference in benefits in comparison with other teachers' pension plans.

CONCLUSIONS:

The problem of the unfunded liability of the Teachers' Pension Fund has been the focus of many meetings held by the Public Accounts Committee in recent years. The Committee is pleased to note the appointment of Mr. David Slater, who brings a wealth of experience to the task. The Committee looks forward to reviewing Mr. Slater's report in June of this year and intends to closely monitor the response to his recommendations.

The witnesses were not requested to provide any additional information.

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DEPARTMENT OF LABOUR

WORKERS' COMPENSATION BOARD

January 15, 1992

Witnesses:

WCB-

Mr. Reg Allen, Chairman and General Manager
Mr. Robert Shedden, Executive Director, Finance and Administration
Mr. Gary Alderdice, Director of Claims
Mr. Bruce Collins, Director of Public Affairs and Policy Development
Mr. David Farrar, Stewart McKelvey Stirling Scales

LABOUR-

Mr. Hugh Macdonald, Deputy Minister

Observers:

Mr. Brian Burnell, Manager and Actuary, Wyatt Company
Mr. Gordon Penley, Deloitte and Touche

The Chairman and General Manager of the Workers' Compensation Board was accompanied by the Executive Director (Finance and Administration), the Director of Claims, the Director of Public Affairs and Policy Development, and his legal advisor from the firm, Stewart McKelvey Stirling Scales.

The Deputy Minister of Labour was unaccompanied.

Also in attendance, as Observers, were the Manager and Actuary of the Wyatt Company and a Chartered Accountant from the firm, Deloitte and Touche.

The witnesses declined the offer to make opening remarks.

Increase in Claims

The Member for Cape Breton South referred to newspaper reports that the Director of Public Affairs and Policy Development had attributed the increase to fabricated

claims. The witness stated that, "the economy has a number of effects on people's willingness to exercise their rights..." *(Hansard transcript - p. 878 - January 15, 1992)* He stated that research, done by the Workers' Compensation Research Institute in Boston, has shown that the state of the economy has a direct bearing on the number of WCB claims.

Rate Increases

In response to the Member for Cape Breton South, the witness noted that a 20 per cent increase in rates will be effective for the year 1992. The Member commented that even with the 20 per cent increase, Nova Scotia still has one of the lowest employer assessment rates in the country.

The Member for Halifax-Chebucto commented that due to such low employer assessment rates, Nova Scotia pays among the lowest benefits in the country. She noted that Nova Scotia has the lowest percentage in Canada of revenue spent on rehabilitation and the prevention of workplace related disease and injury.

Deficit

The Member for Cape Breton South asked the witness to comment on how the WCB plans to deal with their $22 million deficit. The witness explained:

1. Projections have been done, in consultation with auditors and actuaries, regarding potential cost increases in all areas of basic compensation payments and for pension costs. Two such projects are currently being conducted.

2. A Revenue Management System has been developed to analyze facts in futures and to prepare statistics to use as a base for future projections. It consists of four main components:

   (a) day to day cash management
   (b) yearly budgeting
   (c) forecasting a 2 to 5 year program
   (d) rate setting formula, based on (a) to (c)

Salary Increases

In response to the Member for Cape Breton the Lakes (Substituting for the Member for Dartmouth North), the witness stated that, in the calendar year 1990, there had been no significant staff increases.

The Member found this alarming, as according to the WCB Annual Report, the increase in costs for salaries and

employee benefits amounted to $700,000. This, he noted, amounted to an increase of 16-17 percent. He commented that when the estimates of various departments were done, it was found that immediately prior to the wage freeze of the Spring of 1991, senior personnel in some departments received substantial salary increases.

The witness, in his explanation referred to back-wages, and an economic adjustment. The Member found this reasoning rather vague and requested a complete breakdown and comparison of staff salaries for the years 1989 and 1990. *(Hansard Transcript - p. 883 - January 15, 1992)*

Other Related Matters

Cape Breton Development Corporation - In response to the Member for Cape Breton the Lakes, the witness advised that DEVCO is a self-insured employer, and pays 100 per cent of all claims for its employees. In addition, they pay an administration premium of 11.5 percent plus $10 per pension cheque issued. The witness promised to provide a breakdown of the administrative cost for processing these claims.

Retraining Program - The witness advised the Member for Kings West (substituting for the Member for Guysborough) that the WCB has made progressive change in the past five years in developing a vocational rehabilitation program.

Hearing Impaired - The witness advised the Member for Cape Breton the Lakes that, a decision by the Supreme Court of Nova Scotia ordered the WCB to cease all compensation to hearing impaired, until the current legislation is changed to allow these payments.

Unfunded Liability - The witness advised the Member for Cape Breton South that the unfunded liability problem dates back to 1973-74 when indexing of pension payments was introduced. At the end of December 1990, it had reached the amount of $216 million.

CONCLUSIONS:

None presented.

Material to be Provided by Witness
(See Appendix X)

PROVIDED

1. Breakdown of Administrative Costs to DEVCO for the years 1989 and 1990
2. Current Industrial Disease Claims
3. Vocational Rehabilitation Statistics
4. Salary Increases to Board Members - 1990-91
5. Detailed Comparison, per employee, of salaries and benefits received in 1989 and 1990*

**material provided was incomplete.*

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CONCLUSIONS

CONCLUSIONS

1. Office of the Auditor General

On April 1, 1992, the new Auditor General of Nova Scotia will assume his duties. It is essential that this Committee initiate and maintain a co-operative working relationship with the new Auditor General and his staff.

2. Nova Scotia Liquor Commission

The Public Accounts Committee intends to monitor closely, the contemplated move toward privatization and the dismantling of interprovincial trade barriers, particularly with regard to the impact either of these moves would have on provincial revenues and the unemployment situation.

3. Upper Clements Theme Park

The Theme Park, according to its 1991 statistics, appears to be operating in a more responsible manner, but given the large expenditure of government funds, combined with operating losses over the past two years, the Public Accounts Committee is quite naturally concerned that the park prove itself to be a viable venture.

4. Business Capital Corporation and Small Business Development Corporation

The Public Accounts Committee intends to follow-up on the request made by BCC to the Auditor General to learn the specifics of his concerns relating to 'policies and procedures for monitoring and collection activities'. The Committee will schedule further meetings with the BCC to chart the progress of the implementation of the Auditor General's suggestions.

5. Teachers' Pension Commission

This meeting with the Teachers' Pension Commission did not provide the Public Accounts Committee with much insight into the way in which the problem of the unfunded liability should (or could) be addressed. The Committee, therefore, held a meeting on November 27, 1991 with the President of the Nova Scotia Teachers' Union and the Deputy Minister of Finance, in an attempt to do so. *(See Conclusion No. 9)*

6. Halifax-Dartmouth Bridge Commission

The Public Accounts Committee agrees with the move to repatriate the bridge debt, and will monitor the progress toward the HDBC ten-year goal of being free of this debt.

Also, the Committee intends to keep itself apprised of the steps, particularly in financing, that will be taken by the HDBC and the Province of Nova

Scotia, to add a third lane to the Angus L. Macdonald Bridge. The minimum proposed cost of $36,000,000 for a new deck and the additional lane, plus the unknown costs of upgrading the access roads warrant close scrutiny, so that the taxpayer is not placed in another 'uncontrollable debt' situation.

7. Department of Education

The Public Accounts Committee intends to pay close attention to the recommendations of the Select Committee on Education, particularly in relation to school closures.

Also, after January 1992, the Committee intends to request a cost accounting of the amalgamation of the Departments of Education and Advanced Education and Job Training, with a second review of the operational costs, approximately one year later.

8. Provincial Tax Commission

The Public Accounts Committee intends to monitor the growth of overexpenditures, and may ask the Auditor General for an expanded report on this matter. The Committee will maintain records of all OIC's of a financial nature.

9. Dept. of Finance/Nova Scotia Teachers' Union

The problem of the unfunded liability of the Teachers' Pension Fund has been the focus of many meetings held by the Public Accounts Committee in recent years. The Committee is pleased to note the appointment of Mr. David Slater, who brings a wealth of experience to the task. The Committee looks forward to reviewing Mr. Slater's report in June of this year, and intends to closely monitor the response to his recommendations.

* * * * *

APPENDICES

Appendix I
-Preliminary Meeting

Nova Scotia

Leader of the Opposition

Suite 1009, Centennial Building
1660 Hollis Street
PO Box 723
Halifax, Nova Scotia
B3J 2T3

902 424-3281

May 14, 1991

Ms. Dianne Stillman
Secretary
Public Accounts Committee
3rd Floor
Dennis Building
1740 Granville Street
Halifax, Nova Scotia
B3J 1X5

Dear Ms. Stillman:

On behalf of the Official Opposition, I would like to submit the following as an initial list of witnesses and/or topics for discussion at meetings of the Public Accounts Committee:

1: Mr. O.P. Cormier, Auditor General;

2: The Chief Commissioner and General Manager/Chief Executive Officer of the Nova Scotia Liquor Commission;

3: Persons/issues relating to the Business Capital Corporation, and the Small Business Development Corporation, including Mr. Robert Bruce.

4: Mr. Hiltz, Deputy Minister, Government Services, and the Executive Director, Construction

5: Mr. Allan, Chairman and General Manager, Workers' Compensation Board;

6: Senior Officials, Nova Scotia Power Corporation, and representatives of the Mitsui Corporation.

7: Senior Officials, the Halifax-Dartmouth Bridge Commission;

8: The teachers pension fund; the President of the Nova Scotia Teachers Union and the Chairman/Actuary of the fund;

9: Persons/issues relating to the Provincial Tax Commission;

10: Senior Officials, Nova Scotia Resources Limited;

11: Mr. Clifford Frame, Curragh Resource.

12: Ms. Candace Stevenson, Director, Nova Scotia Museum.

In consideration of the fact that the Report of the Auditor General for the fiscal year ended March 31, 1990, has not been tabled, I reserve the right to propose additional witnesses and/or topics.

Yours sincerely,

Vincent J. MacLean

cc: William Gillis, MLA
Sandy Jolly, MLA

Nova Scotia

Leader of the Opposition

Suite 1009, Centennial Building
1660 Hollis Street
PO Box 723
Halifax, Nova Scotia
B3J 2T3

902 424-3281

May 22, 1991

Ms. Dianne Stillman
Secretary
Public Accounts Committee
3rd Floor, Dennis Building
1740 Granville Street
Halifax, Nova Scotia
B3J 1X5

Dear Ms. Stillman:

Pursuant to my letter to you of May 14, 1991, in which I reserved the right to propose additions following the tabling of the Auditor General's Report, I would like to submit the following additional witnesses and/or topics for discussion at meetings of the Public Accounts Committee:

1. General Manager and Chairman of the Board, Upper Clements Theme Park, and author of the original study;

2. Deputy Ministers, Industry, Trade and Technology and Small Business Development;

3. Nancy MacLean, Corporate Strategy Group;

4. Senior Officials, Public Utilities Board;

5. Person(s) responsible for grants and loans with ACOA;

6. President, Nova Scotia School Board's Association;

7. Director, Purchasing Agency.

Yours sincerely,

Vincent J. MacLean

/rh

House of Assembly
Nova Scotia

MEMORANDUM

TO: William Gillis, Chairman
Public Accounts Committee

FROM: Members of Government Caucus

DATE: May 14, 1991

RE: Proposed list of witnesses

---

1. Auditor General

2. Teacher's Pension Commission

3. Nova Scotia Resources Limited

4. Nova Scotia Power Corporation

5. Halifax/Dartmouth Bridge Commission

6. Business Capital Corporation

7. Provincial Tax Commission

HOUSE OF ASSEMBLY
ASSEMBLEE LEGISLATIVE

OFFICE OF THE LEADER
NEW DEMOCRATIC PARTY
PO BOX 1617
HALIFAX, NOVA SCOTIA
B3J 2Y3

BUREAU DU CHEF
NOUVEAU PARTI DEMOCRATIQUE
C.P. 1617
HALIFAX, NOUVELLE-ECOSSE
B3J 2Y3

May 22, 1991

WITNESSES FOR PUBLIC ACCOUNTS COMMITTEE

Deputy Minister of Tourism and representatives of Upper Clements Theme Park

Deputy Minister of Education and representatives of School Planning and Conveyance Division

Nova Scotia Information Services and officials responsible for Health & Fitness Communications Strategy

Deputy Minister of Industry, Trade and Technology and representatives of Nova Scotia Business Capital Corporation

Deputy Minister Small Business Development and representatives of Small Business Development Corporation

Deputy Minister of Labour and Chief Workers' Counsellor

Halifax-Dartmouth Bridge Commission

Deputy Minister of Advanced Education and Job Training and Principal of I.W. Akerley Campus, N.S. Community College

Alexa McDonough

Alexa McDonough, MLA, Halifax Chebucto: Constituency Office (902) 454-4400; Leader's Office 424-4134
Circonscription (902) 454-4400; Bureau du Chef 424-4134

Appendix II
-Auditor General

Nova Scotia

Auditor General

PO Box 793
Halifax, Nova Scotia
B3J 2V2

May 29, 1991

Dr. J. William Gillis
Chairman
Public Accounts Committee
Province of Nova Scotia
Halifax, N.S.

Dear Dr. Gillis:

At the May 22, 1991 meeting of the Public Accounts Committee, several requests for additional information were made. In accordance with these requests I am pleased to enclose 12 copies of the following for the Committee.

Payments to Corporate Strategy Group
April 1, 1986 - March 31, 1990

Termination Agreement for the Partnership between Path Scientific Research Limited and the Victoria General Hospital Foundation.

A request was made to provide a report submitted by Corporate Strategy Group in connection with the Stakeholder Relations Program. The matter of release of reports relating to the work of Corporate Strategy Group is currently under review by the Department concerned (Policy Board) with the Department of the Attorney General. This is being done to determine what can be released without contravening privacy provisions of the Freedom of Information Act. It is my understanding that a decision on this matter can be expected fairly soon.

Yours very truly,

O.P. Cormier, F.C.A.
Auditor General

OPC/nm
Encls.

GOVERNMENT OF NOVA SCOTIA
PAYMENTS TO CORPORATE STRATEGY GROUP
APRIL 1, 1986 TO MARCH 31, 1990

DEPARTMENT	DATE	AMOUNT
Stakeholders Relation Program		
Advanced Education	July 18, 1988	10,000
Senior Citizens Secretariat	July 18	10,000
Tourism and Culture	July 18	10,000
Small Business Development	July 18	10,000
Cabinet Secretariat	April 26, 1988	10,000
Cabinet Secretariat	May 13	10,000
Cabinet Secretariat	June 29	5,925
Cabinet Secretariat	July 27	7,466
Cabinet Secretariat	August 18	5,000
NS Information Services	September 9	4,391
NS Information Services	September 22	1,797
Cabinet Secretariat	September 23	5,200
NS Information Services	October 3	500
NS Information Services	October 19	2,148
Cabinet Secretariat	November 1	5,200
Cabinet Secretariat	December 8	5,200
Cabinet Secretariat	January 4, 1989	5,200
Cabinet Secretariat	February 17	5,200
NS Information Services	1988-89	1,335
NS Information Services	September 11, 1989	8,000
NS Information Services	October 10	6,000
NS Information Services	November 13	6,000
		134,562
Communications Audit		
NS Information Services	April 3, 1989	14,478
NS Information Services	June 23	14,472
NS Information Services	September 11	13,583
		42,533

Communications Strategy for Health and Fitness

Health and Fitness	May 8, 1989	$ 7,269
Health and Fitness	May 16	5,497
Health and Fitness	July 19	25,000
Health and Fitness	July 20	11,690
Health and Fitness	September 28	2,000
Health and Fitness	October 26	4,935
Health and Fitness	November 2	5,867
Health and Fitness	January 5, 1990	3,000
		65,258

General Communications Advice To Cabinet Secretariat

Cabinet Secretariat	June 21, 1989 (for Feb.)	5,200
Cabinet Secretariat	June 21 (for Mar.)	5,200
Cabinet Secretariat	June 21 (for Apr.)	5,200
Cabinet Secretariat	June 21 (for May)	5,200
Cabinet Secretariat	July 7	5,200
Cabinet Secretariat	August 2	5,200
Cabinet Secretariat	September 1	5,200
		36,400

Travel, Training and General Consulting

Civil Service Comm - Training	1986-87	5,000
Policy Board - Gen. Consulting	1987-88	5,779
Cabinet Sec. - Travel	April 12, 1989	919
NS Info. Serv. - Travel	May 1	997
NS Info. Serv. - Training	August 15	522
NS Info. Serv. - Training	August 15	400
Cabinet Sec. - Travel	August 17	738
NS Info. Serv. - Training	August 18	629
NS Info. Serv. - Training	Semptember 8	1,600
NS Info. Serv. - Training	September 12	1,567
NS Info. Serv. - Training	September 12	1,200
NS Info. Serv. - Travel	September 26	817
NS Info. Serv. - Travel	October 27	1,021
		21,189

TOTAL OF PAYMENTS TO CORPORATE STRATEGY GROUP $ 299,942

GOVERNMENT OF NOVA SCOTIA

VICTORIA GENERAL HOSPITAL FOUNDATION

May 27, 1991

Mr. James Butler
Auditor General's Office
1649 Hollis Street
2nd Floor,
Halifax, N.S.
B3J 1V8

Dear Mr. Butler:

Enclosed is the termination agreement for the partnership as requested by the Public Accounts Committee.

If you require further information please call.

Sincerely,

Paul J. MacKinnon
Managing Director

PJM/bls

DATED: May 30, 1990

* *

BETWEEN:

PATH SCIENTIFIC RESEARCH LIMITED

- and -

VICTORIA GENERAL HOSPITAL FOUNDATION

D E B E N T U R E

McINNES COOPER & ROBERTSON
Barristers & Solicitors
1601 Lower Water Street
Halifax, Nova Scotia
B3J 2V1

File # FS-14

THIS TERMINATION AGREEMENT made this 30th day of May, 1990.

BETWEEN:

VICTORIA GENERAL HOSPITAL
(hereinafter called the "VG")

OF THE FIRST PART

- and -

VICTORIA GENERAL HOSPITAL FOUNDATION
(hereinafter called the "Foundation")

OF THE SECOND PART

- and -

PATH SCIENTIFIC RESEARCH LIMITED, a body corporate
(hereinafter called "Path")

OF THE THIRD PART

WHEREAS pursuant to an Agreement dated May 20, 1987, as amended by an Amending Agreement dated the day of February, 1990 (the Agreement and Amending Agreement being herein collectively referred to as the "Partnership Agreement"), the parties hereto agreed to form a partnership (the "Partnership") for the purpose of conducting research and developing improved systems of analysis for analysing ions and nutrients in environmental samples (herein referred to as the "Business");

AND WHEREAS the parties have agreed to terminate the Partnership, the Partnership Agreement and to transfer all of the assets of the Partnership and the interest of the Foundation ("Foundation's Interest") and the VG ("VG Interest") in the Partnership to Path on the terms and conditions specified in this Agreement;

AND WHEREAS Path wishes to carry on the Business as successor to the Partnership;

NOW THEREFORE THIS TERMINATION AGREEMENT WITNESSTH that in consideration of the mutual covenants, undertakings and agreements contained in this Termination Agreement, the parties hereby agree as follows:

1. The parties hereby mutually agree that, except as specifically provided in this Agreement. the Partnership, the Partnership Agreement and all of the provisions of the Partnership Agreement are hereby terminated.

2. Subject to the terms hereof, Path hereby purchases and the Foundation hereby sells the Foundation's Interest.

3. Subject to the terms hereof, the VG hereby transfers to Path for the sum of One Dollars ($1.00), the receipt whereof is hereby acknowledged, the VG's Interest.

4. The purchase price (the "Purchase Price") payable by Path to the Foundation for the Foundation's Interest shall be an amount equal to the aggregate of the following:

(a) the capital account balance for the Foundation's Interest recorded on the audited financial statements of the Partnership as at March 31, 1990; and

(b) the sum of Three Hundred Forty-Nine Thousand Eight Hundred Eighty-Five Dollars and Fifty-Three Cents ($349,885.53), being the amount advanced by the Foundation to the Partnership pursuant to the Partnership Agreement by way of bridge financing to facilitate the Partnership's recent expansion.

5. Path shall pay the Purchase Price to the Foundation as follows:

(a) the sum of Three Hundred Forty-Nine Thousand Eight Hundred Eighty-Five Dollars and Fifty-Three Cents ($349,885.53) on or before the earlier:

(i) August 31, 1990; or

(ii) the date of receipt by Path of the ACOA and/or ITT grants in the approximate amount of One Hundred Seventy Thousand Dollars ($170,000.00) and the receipt by Path of bank financing in the approximate amount of One Hundred Eighty-Two Thousand Dollars ($182,000.00);

(b) the sum of approximately Two Hundred Sixty-Seven Thousand Dollars ($267,000.00) representing the capital account balance for the Foundation's Interest recorded on the audited financial statements of the Partnership as at March 31, 1990 in three (3) equal installments as follows:

1. Eighty-Nine Thousand Dollars ($89,000.00) on the 30th day of October, 1990;

2. Eighty-Nine Thousand Dollars ($89,000.00) on the 30th day of June, 1991; and

3. Eighty-Nine Thousand ($89,000,00) or the balance on the 30th day of March, 1992.

6. Path shall pay interest to the Foundation on any unpaid balance of the Purchase Price at the rate of fifteen per cent (15%) per annum commencing on September 30, 1990 and payable monthly on the last day of each month thereafter until the balance of the Purchase Price is paid in full.

7. Payment of the Purchase Price and interest thereon in accordance with paragraphs 5 and 6 above shall be made by Path to the Foundation at the following address:

Victoria General Hospital Foundation
1278 Tower Road
Halifax, Nova Scotia
B3H 2Y9

Attention: Director, Finance & Administration

or at such other address as the Foundation may designate in writing from time to time.

8(a). The Foundation, the VG and Path agree to cause the Partnership to execute and deliver to Path, simultaneously with the execution of this Termination Agreement, a bill of sale evidencing the transfer of the assets of the Partnership to Path contemplated hereby.

(b) In the event the VG decides to use the RCAP Technology owned by Path, Path shall permit the use of this technology by VG for its sole use only.

The VG will pay an annual licencing fee of One Dollar ($1.00) to Path for this use.

The VG warrants that access to this technology shall not be made available to any other party without the written consent of Path.

Path agrees to provide maintenance on the existing technology at prevailing market rates for a period of three (3) years.

9. Path shall be responsible for and agrees to indemnify and save the Foundation and the VG harmless from any claim, demand, assessment or levy for Federal, Provincial or Municipal transfer, sales or other taxes applicable to or

arising out of the transfer of the assets of the Partnership to Path and the termination of the Partnership contemplated hereby.

10. As continuing collateral security for the payment of the Purchase Price in accordance with the terms hereof Path agrees to execute and deliver to the Foundation, simultaneously with the execution of this Termination Agreement, a first fixed and floating charge debenture, in the form annexed hereto as Schedule "A", charging all of the assets of Path previously owned by the Partnership and used or to be used by Path in connection with the Business.

11. Path, the VG and the Foundation hereby mutually release and discharge each other from any and all obligations pursuant to the Partnership Agreement.

12. Notwithstanding the termination of the Partnership, Path agrees to:

(a) continue to make available to the VG its testing services at a reduced rate to be determined from time to time as mutually agreed by Path and the VG; and

(b) provide to the Foundation, on a timely basis until such time as the Purchase Price has been paid in full, copies of its quarterly unaudited and annual audited financial statements prepared by the accountant for Path.

13. Path undertakes to discharge, perform and fulfill all debts, liabilities, contracts, commitments and engagements of the Partnership including, without limitation, those liabilities shown on the audited financial statements of the Partnership as at March 31, 1990. In connection with such undertakings Path hereby indemnifies the Foundation and the VG from and against all such debts, liabilities, contracts, commitments and engagements.

14. Path and the VG hereby agree to jointly and severally indemnify and save the Foundation harmless from and against all manner of actions, causes of action, suits, proceedings, claims, damages, losses or expenses which the Foundation may suffer or incur, whether directly or indirectly, in connection with or arising out of the Partnership or the Business.

15. Time shall be of the essence of this Agreement.

16. This Termination Agreement shall be governed by the laws of the Province of Nova Scotia and the laws of Canada applicable therein and shall be treated in all respects as a Nova Scotia contract.

17. The provisions of this Termination Agreement may not be amended or modified in any respect except by written instrument executed by all of the parties hereto.

18. This Agreement shall enure to the benefit and be binding upon the parties hereto and their respective successors and assigns.

19. All references herein to money shall be to Canadian funds and any payment made pursuant to this Termination Agreement shall be made by cash or certified cheque unless the parties otherwise agree.

WITNESS WHEREOF the parties hereto have properly executed this Termination Agreement on the day and year first above written.

SIGNED, SEALED AND DELIVERED in the presence of

VICTORIA GENERAL HOSPITAL

Per: _____

VICTORIA GENERAL HOSPITAL FOUNDATION

Per: _____

PATH SCIENTIFIC RESEARCH LIMITED.

Per: _____

FJS/aw (AW14-49)

SCHEDULE "A"

CANADA
PROVINCE OF NOVA SCOTIA
COUNTY OF HALIFAX

IN THE MATTER OF the Corporations Securities Registration Act of Nova Scotia

- and -

IN THE MATTER OF the registration of a mortgage, charge or assignment contained in a Debenture of PATH SCIENTIFIC RESEARCH LIMITED

I, Malcolm MacAulay, of Halifax, in the County of Halifax, Province of Nova Scotia, Medical Doctor, MAKE OATH AND SAY THAT:

1. I am the President of PATH SCIENTIFIC RESEARCH LIMITED, the Mortgagor or Assignor in a Debenture dated the day of May, 1990, containing a mortgage, charge or assignment by the said corporation and I am aware of the circumstances connected with the transaction, and have a personal knowledge of the facts deposed to herein and have authority to make this affidavit on behalf of PATH SCIENTIFIC RESEARCH LIMITED.

2. The total amount secured by the Debenture is the sum of $750,000 with interest at the rate of 15% per annum.

3. A true copy of the said Debenture is annexed hereto and marked Exhibit "A" to this Affidavit.

4. The said Debenture was executed on the 30th day of May, 1990, but dated the 30th day of May, 1990.

SWORN before me at Halifax, in the County of Halifax, Province of Nova Scotia, this 30th day of May, 1990.

A Barrister of the Supreme Court of Nova Scotia

M. A.

MALCOLM MacAULAY

[FS/FS-014-06/§3rr]

Exhibit "A"

PATH SCIENTIFIC RESEARCH LIMITED

(Incorporated under the Companies Act of Nova Scotia)

Issue of a single Debenture of $750,000 principal amount dated the 30th day of May, 1990, and maturing on demand.

No. 1 $750,000

1. PATH SCIENTIFIC RESEARCH LIMITED, a body corporate, with head office at Halifax, in the County of Halifax, Province of Nova Scotia (the "Company") for value received hereby acknowledges itself indebted and promises to pay to the Victoria General Hospital Foundation (the "Foundation") in lawful money of Canada at the offices of the Foundation at 1278 Tower Road, Halifax, Nova Scotia the principal amount of Seven Hundred and Fifty Thousand Dollars ($750,000.00) on demand, together with interest at the rate of fifteen per centum (15%) per annum, such interest to be payable monthly on the last day of each month commencing on the 30th day of September, 1990, both before and after maturity and before and after default, with interest on overdue interest at the rate aforesaid.

2. As security for the payment of the principal amount and interest and all other moneys from time to time owing under this Debenture:

(a) the Company hereby transfers, mortgages and charges as and by way of a first fixed and specific mortgage and charge to and in favour of the Foundation all the equipment, machinery and other tangible personal property listed in Schedule "A" hereto; and

(c) the Company hereby charges as and by way of a first floating charge to and in favour of the Foundation the undertaking and all the property and assets of the Company for the time being, both real and personal, movable and immovable, of whatsoever nature and kind, now owned or hereafter acquired (except such real and immovable property and such tangible personal property as is validly and effectively subject to the first fixed and specific mortgage and charge created hereby), including its goodwill and uncalled capital;

PROVIDED that such mortgages and charges shall not extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Company, but the Company shall stand possessed of such last day and shall hold it in trust to assign the same to any person who may acquire such term or the part thereof hereby mortgaged and charged in the course of any enforcement of such mortgage and charge or any realization of the subject matter thereof;

All property subject to such fixed mortgage and charge or to such floating charge shall be collectively referred to herein as the "mortgaged property".

3. This Debenture is issued subject to and with the benefit of the Conditions and Special Conditions attached hereto which are to be deemed to be part of this Debenture.

4. This Debenture is created and issued for the purpose of providing to the Foundation continuing collateral security for the payment by the Company to the Foundation of all money which is now or may at any time hereafter be due and owing to the Foundation or for which the Company is or may become liable to the Foundation in any manner whatever and for the discharge of all liabilities heretofore or hereafter incurred by the Company

to the Foundation in any manner whatever and whether alone or jointly with any other person or persons and whether as principal or surety; and the charges created or purported to be created hereby shall be valid and effectual to the extent of, and shall secure the payment of, any and every balance owing to the Foundation by the Company.

This Debenture is in addition to and not in substitution for any other security now or hereafter held by the Foundation.

IN WITNESS WHEREOF the Company has caused its corporate seal to be hereunto affixed and this Debenture to be signed by its President and its Secretary this 30th day of May, 1990.

WITNESS:

_____

PATH SCIENTIFIC RESEARCH LIMITED

PER: _____
PRESIDENT

PER: _____
SECRETARY

CONDITIONS

1. A register shall be kept by the Company at its office wherein there shall be entered the name, address and description of the registered holder of this Debenture. The registered holder shall be regarded as exclusively entitled to the benefit of this Debenture and the Company shall not be bound to enter in the register notice of any trust or to recognize any trust or equity affecting title to this Debenture or the moneys hereby secured.

2. To transfer this Debenture a transfer in writing signed by the registered holder accompanied by this Debenture shall be delivered at the office of the Company where the Debenture is registered with such evidence of identity or title as the Company may reasonably require and with the amount of any transfer or other tax payable on such transfer. The transfer shall thereupon be registered and the registration shall be duly noted by an endorsement hereon signed by the Secretary or the Treasurer of the Company.

3. The Company hereby covenants that it shall

(a) diligently maintain, use and operate the mortgaged property and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the mortgaged property and the earnings, incomes, rents, issues and profits thereof;

(b) cause all its property which is of a character usually insured by companies operating properties of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature and to the extent that such properties are usually insured by companies operating properties of a similar nature in the same or

similar localities;

(c) pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the mortgaged property or any part thereof as and when the same shall become due and payable, and shall exhibit to the registered holder, when required, the receipts and vouchers establishing such payments;

(d) duly observe and conform to all valid requirements of any governmental authority relative to any of the mortgaged property and all covenants, terms and conditions upon or under which the mortgaged property is held;

(e) keep proper books of account in accordance with sound accounting practice and shall furnish to the registered holder an audited balance sheet and statements of profit and loss, each category of surplus, and cash flow for each fiscal year within 120 days of the end of the fiscal year, and an unaudited balance sheet and statements of profit and loss and each category of surplus quarterly within 60 days of the end of each quarter, shall furnish to the registered holder such other financial information and statements as the registered holder may from time to time reasonably require and shall permit the registered holder or its authorized agent at any time at the expense of the Company to examine the books of account and other financial records and reports of the Company and to make copies thereof and take extracts therefrom;

(f) furnish to the registered holder such information with respect to the mortgaged property and the insur-

ance thereon as the registered holder may from time to time reasonably require, and shall give written notice to the registered holder of all litigation before any court, administrative board or other tribunal affecting the mortgaged property;

(g) cause each of its subsidiaries, if any, to perform in respect of its property, business and accounts each of the covenants set out in this Condition 3.

4. The Company shall not, without the consent in writing of the registered holder, create any mortgage, hypothec, charge, lien or other encumbrance upon the mortgaged property or any part thereof ranking or purporting to rank in priority to or pari passu with the mortgages and charges created by this Debenture, except that the Company may give mortgages or liens in connection with the acquisition of property after the date hereof or may acquire property subject to any mortgage, lien or other encumbrance thereon existing at the time of such acquisition and any such mortgage, lien or other encumbrance shall rank in priority to the mortgages and charges hereby created.

5. The principal amount, interest and other moneys hereby secured shall immediately become payable and the security hereby constituted shall immediately become enforceable in each of the following events:

(a) if the Company makes default in payment of any payment of principal hereunder;

(b) if the Company makes default in payment of any interest due hereunder and such default continues for a period of fifteen days;

(c) if the Company makes default in any covenant or condition hereunder;

(d) if the Company ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an authorized assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

(e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Company declared bankrupt or wound up, or to have a receiver appointed of any part of the mortgaged property or if any encumbrancer takes possession of any part thereof;

(f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the Company or if any distress or analogous process is levied upon the property of the Company or any part thereof;

(g) if the registered holder in good faith believes that the ability of the Company to pay any moneys hereby secured or to perform any covenant or condition hereof is impaired or that the mortgaged property is in danger of being lost, damaged or confiscated.

(h) if the Company makes default in payment of any indebtedness or liability to the Foundation.

6. The registered holder hereof may by notice to the Company waive any default of the Company on such terms and conditions as the registered holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom.

7. Whenever the security hereby constituted becomes enforceable and so long as it remains enforceable,

(a) the registered holder may immediately take possession of the mortgaged property and sell and dispose thereof either as a whole or in separate parcels at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the registered holder may determine; and the registered holder may execute and deliver to any purchaser of the mortgaged property or any part thereof good and sufficient deeds and documents for the same, the registered holder being irrevocably constituted the attorney of the Company for the purpose of making any such sale and executing such deeds and documents;

(b) the registered holder may by instrument in writing appoint any person to be a receiver (which term shall include a receiver and manager) of the mortgaged property or of any part thereof and may remove any receiver so appointed and appoint another in his stead; and any receiver so appointed shall have power (1) to take possession of the mortgaged property or any part thereof, (2) to carry on the business of the Company, (3) to borrow money required for the maintenance, preservation or protection of the mortgaged property or any part thereof or for the carrying on of the business of the Company and (4) to sell the whole or any part of the mortgaged property on such terms and conditions and in such manner as the receiver may determine; provided that any such receiver shall be deemed the agent of the Company, and the registered holder hereof shall not be in any way responsible for any misconduct or negligence of any such receiver; and

(c) the registered holder may exercise any of the other rights to which the registered holder is entitled as holder of this Debenture including the right to take proceedings in any court of competent jurisdiction for the appointment of a receiver and manager, for the sale of the mortgaged property or any part thereof or for foreclosure, and the right to take any other action, suit, remedy or proceeding authorized or permitted hereunder or by law or by equity in order to enforce the security constituted by this Debenture.

8. The Company shall pay to the registered holder upon demand the amount of all expenses incurred in recovering any moneys owing hereunder or in enforcing the security hereby constituted with interest thereon from the date of the incurring of such expenses at the rate at which interest is payable under this Debenture.

9. If the Company pays to the registered holder the moneys secured by this Debenture and otherwise observes and performs the terms and conditions hereof, then this Debenture and the rights hereby granted shall cease and be void and thereupon the registered holder shall at the request and at the expense of the Company cancel and discharge the mortgage and charge of this Debenture and execute and deliver to the Company such deeds and other instruments as shall be requisite therefor.

10. Any notice or demand required or permitted to be made or given hereunder by the registered holder to the Company shall be made or given by mailing the same by prepaid registered mail addressed to the Company at 5595 Fenwick Street, Halifax, Nova Scotia, and shall be conclusively deemed to have been received by the Company on the next business day following the date of such mailing.

11. The term "subsidiary" in this Debenture means any corporation of which shares carrying votes sufficient to elect a majority of the board of directors are directly or indirectly owned or controlled by the Company.

FORM OF REGISTRATION

(no writing hereon except by the Company)

Date of Registry	In Whose Name Registered	Signature of Secretary or Treasurer of the Company
	VICTORIA GENERAL HOSPITAL FOUNDATION:	

SPECIAL CONDITIONS

1. The Company covenants with the registered holder that it lawfully owns and/or is lawfully possessed of the mortgaged property, that it has good right and lawful authority to mortgage and charge the mortgaged property by this Debenture, that the mortgaged property and every part thereof are free and clear of all encumbrances (except as herein expressly provided), that it will warrant and defend title to the mortgaged property against the claims and demands of all persons whomsoever and that it will procure such further assurances as may reasonably be required.

2. The registered holder may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the mortgaged property or any part thereof having priority over the mortgage and charge created by this Debenture, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the mortgaged property including premiums for insurance on or in respect of the mortgaged property and all solicitor's charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other moneys whatsoever payable by the Company hereunder, as between solicitor and client, whether any actions or other judicial proceedings to enforce such payment has been taken or not and the amounts so paid shall be added to the debt hereby secured and be a charge on the mortgaged property and shall bear interest at the rate at which interest is payable in this Debenture, and shall be forthwith payable by the Company to the registered holder upon a decision by the registered holder to exercise the powers exercisable for breach of the covenant herein contained. If the registered holder pays (either in whole or in part) the amount of any such encumbrance, lien or charge, taxes, or rates, either out of the moneys advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

MAKE	MODEL	SERIAL #	REPLACEMENT VALUE
	TRACE ORGANICS DALHOUSIE UNIVERSITY		
Perkin-Elmer	Model 8420 gas chromatograph with heated split/splitless injector, data handling capability and flame ionization detector		$30,000.00
Perkin-Elmer	Model 8500 gas chromatograph with heated split/splitless injector, data handling capability and flame electron capture detector		$30,000.00
Perkin-Elmer	Model 8420 gas chromatograph with heated split/splitless injector, data handling and flame ionization detector		$30,000.00
Perkin-Elmer	Model 8500 gas chromatograph with dual split/splitless injectors and cryo focusing accessory		$25,000.00
Perkin-Elmer	GP-100 Graphics Printer		$1,000.00
Perkin-Elmer	GP-100 Graphics Printer		$1,000.00
Perkin-Elmer	AS-300 Autosampler		$9,000.00
Perkin-Elmer	AS-300 Autosampler		$9,000.00
Perkin-Elmer	Ion Trap Detector (mass spectrometer)		$50,000.00
IBM	AT computer with enhanced color display VDT and 14" Epson dot matrix printer		$5,000.00

SCHEDULE "A" CONTINUP

RCAp
VGH FOUNDATION

Roche Diagnostics	Centrifugal Analyzer Cobas Fara	22-3218	$100,000.00
Roche Diagnostics	Centrifugal Analyzer Cobas Fara	22-3298	$100,000.00
Technicon	Linear Sampler P/N 165-A011-01F1	TC0185	$60,000.00
	TRAACS 800 Analy Console Master P/N 165-A012-01	TC00086	
Rapid Refrigeration MFG. CO.	Refrigerator - Hussman Model #RD-42	87055539	$2,256.00
CEM Corp.	Microwave Digestion System Model MDS-81D	1138	$9,200.00
CEM Corp.	Capping Station	1712	$1,800.00
Perkin Elmer	ICP-MS, Sciex Model 500		$360,000.00

SCHEDULE 'A' CONTAIN D

Path Scientific Research
Computer Inventory

DECEMBER 14, 1989
Updated JANUARY 20, 1990

Item	Description	Manufacturer	Model	SN	COST
Monitor	VGA Color	Fujikama	FVGA-1539	8902869	$400
Keyboard	101 AT Style	DK-HK	KB-6251EN	90522491	$125
Mouse	Genius 3 key	Kung Ying Enterprise Co.	GM-6	91315758	$125
Computer	386 Computer	PC-Technologies	PC-Tech 386	N/A	$5345

Configuration:
- 386-20 processor
- math co-processor 387-20
- ATI Video Wondercard (VGA 256K)
- 40 MB Hard Disk
- tower case
- 5 1/4" Floppy Disk (1.2MB)
- 3 1/2" Floppy Disk (1.44MB)
- 4 MB Ram
- 2 Year warranty

sub total $5995

Monitor	IBM Color	IBM	5154	0207548	$400
Keyboard	101 AT Style	IBM	M	1390131	$100
Printer	Dot Matrix	Epson	LQ-1000	03008156	$395
Computer	286 computer	IBM	5170	N/A	$1500

(model 5170 discontinued by IBM. Replacement values are from comparable AT clone.)

Configuration: $2000
- Perkin Elymer Host Adapter
- Dual 5 1/4" loppy Disk Drives (1.2MB)
- 640 K RAM
- 40 MB Hard Disk
- Serial/Parallel Card
- 286-10 processor
- EGA Video Card

sub total $4395

Item	Description	Manufacturer	Model	SN	COST
Monitor	Amber Mono	Packard Bell	PB1272A	80605433	$150
Keyboard	Packard Bell	Packard Bell	ECLBA9072	015241	$100
Computer	XT	Packard Bell	PBVX88	8410734	$1300
Configuration:					
	Hercules compatable video card				
	serial/parallel cards				
	Serial card				$49
	Dascom 1 data aquisition board				$600
	640 K RAM				
	5 1/4" Floppy Disk Drive				
				sub total	$2199

Monitor	Amber Mono	Amdex	Video 410A	6510228	$150
Keyboard	101 AT Style	IBM	M	2332811	$100
Printer	Dot Matrix	Epson	P82AA	100116762	$395
Computer	XT	IBM	5160	3098889	$1300
Configuration:					
	Hecules graphics card				
	Serial/Parallel card				
	Dual 5 1/4" Floppy Disk Drives				
	640 K RAM				
	088-4.77 processor				
				sub total	$1945

Monitor	Amber Mono	Laser	MM1-1200	MLVTB300-2632	$150
Keyboard	Laser	Laser	902/920229	8022835	$100
Printer	Line Printer	Fujitsu	DL2600	010599	$3600
Computer	XT	Laser	Laser XT	0011289	$1300
Configuration:					
	Hercules compatable graphics card				
	Serial/ Parallel Card				
	Arcnet card				$150
	Dual 5 1/4" Floppy Disk Drives				
	640 K RAM				
	086-10 processor				
				sub total	$5300

Printer	Laser Printer	Panasonic	KX-P4450	9CMAFM02482	$2600
Modem	1200 BAUD	Avatex	1200hc	806960	$200
Modem	2400 BAUD	Incomm	MSPC24	MSC02928	$290
Modem	2400 BAUD	Incomm	MSPC24	MSC02928	$290

Item	Description	Manufacturer	Model	SN	COST
Active HUB 8 User Novell		Pure Data LTD	PDC508	A24063	$370
UPS	Uninterruptable Power Supply	Sendon	UPS-400W	MTS 30135	$770
Monitor	Amber Mono	Samsung	SM-128FA2	870245891	$150
Keyboard	101 AT Style	Quest	01B7C	0295695	$100
Computer	AT	Quest	Quest AT	MTS 17056	$1500
Configuration:					
	1 MB RAM Upgrade				$300
	Herc Compatable Graphics Card				
	Serial/Parallel Card				
	5 1/4" Floppy Disk Drive (1.2 MB)				
	286-10 processor				
	60 MB Tape Drive				$1200
	Arcnet Card				$150
				sub total	$3400
Monitor	Amber Mono	Samsung			$150
Keyboard	101 AT Style	Quest	01B7C	0295673	$100
Computer	AT	Quest	Quest AT		$1500
Configuration:					
	286-10 processor				
	2MB RAM Upgrade				$450
	Priam 230 MB Hard Disk				$3000
	5 1/4 " Floppy Disk Drive (1.2MB)				
	Arcnet Card				$150
	Serial/Parallel Card				
	Herc Compatable Graphic Card				
				sub total	$5450
Monitor	Amber Mono	Samsung	SM-12FA7	865043872	$150
Keyboard	101 AT Style	Tatung	01B7C	0296379	$100
Printer	Dot Matrix	Roland	DG-PR1012	012318	$395
Computer	AT	Tatung	TCS-7000	06720759	$1500
Configuration:					
	286-10 processor				
	Arcnet Card				$150
	Serial/Parallel Card				
	5 1/4 " Floppy Disk Drive (1.2MB)				
	Herc Compatable Graphic Card				
	640 K RAM				
				sub total	$2295

Item	Description	Manufacturer	Model	SN	COST
Monitor	Amber Mono	Samsung	SM-12SFA7	871690853	$150
Keyboard	101 AT Style	Tatung	01B7C	0295679	$100
Computer	AT	Tatung	TCS-7000	06720758	$1500

Configuration:

286-10 processor
640 K RAM
Arcnet Card
Serial/Parallel Card
5 1/4 " Floppy Disk Drive (1.2 MB)
Marc Compatable Graphic Card — $150

sub total $1900

END OF SCHEDULE "A"

DATED: , 1990

BETWEEN:

BOARD OF GOVERNORS OF DALHOUSIE UNIVERSITY,

OF THE FIRST PART

VICTORIA GENERAL HOSPITAL,

OF THE SECOND PART

VICTORIA GENERAL HOSPITAL FOUNDATION

OF THE THIRD PART

- and -

FENWICK LABORATORIES LIMITED

OF THE FOURTH PART

TERMINATION AGREEMENT

McINNES COOPER & ROBERTSON
Cornwallis Place
1601 Lower Water Street
P.O. Box 730
Halifax, NS
B3J 2V1

COPY

THIS TERMINATION AGREEMENT made as of the 30th day of May, 1990;

BETWEEN:

BOARD OF GOVERNORS OF DALHOUSIE UNIVERSITY
(hereinafter called "Dalhousie")

OF THE FIRST PART

- and -

VICTORIA GENERAL HOSPITAL
(hereinafter called the "VG")

OF THE SECOND PART

- and -

VICTORIA GENERAL HOSPITAL FOUNDATION
(hereinafter called the "Foundation")

OF THE THIRD PART

- and -

PENWICK LABORATORIES LIMITED, as successor by amalgamation to PATH SCIENTIFIC RESEARCH LIMITED
(hereinafter called "Penwick")

OF THE FOURTH PART

WHEREAS pursuant to an Agreement dated the day of , 1987 (the "Partnership Agreement"), the parties hereto formed a partnership (the "Partnership") for the purpose of conducting research and developing improved systems of analysis and tracing of toxic organic compounds, identification, quantification and their relation to national and international standards approved for human consumption and exposure and to provide analytical and consulting services related to the methods and systems developed (herein referred to as the "Business");

AND WHEREAS Path Scientific Research Limited ("Path"), one of the partners in the Partnership, has amalgamated in accordance with the laws of Nova Scotia with Oceanchem Labs Limited to form Penwick;

AND WHEREAS Fenwick is carrying on all of the activities of Path as successor thereto and has assumed all of the rights and obligations of Path under the Partnership;

AND WHEREAS the parties have agreed to terminate the Partnership Agreement, the Partnership and to transfer all of the assets of the Partnership and interest of the Foundation ("Foundation's Interest"), Dalhousie ("Dalhousie's Interest"), the VG ("VG's Interest") in the Partnership to Fenwick on the terms and conditions specified in this Agreement;

AND WHEREAS Fenwick wishes to carry on the Business as successor to the Partnership.

NOW THEREFORE THIS TERMINATION AGREEMENT WITNESSTH that in consideration of the mutual covenants, undertakings and agreements contained in this Termination Agreement, the parties hereby agree as follows:

1. The parties hereby mutually agree that, except as specifically provided in this Agreement, the Partnership, Partnership Agreement and all of the provisions of the Partnership Agreement are hereby terminated.

2. Subject to the terms hereof, Fenwick hereby purchases and the Foundation hereby sells the Foundation's Interest and Dalhousie sells Dalhousie's Interest.

3. Subject to the terms hereof, the VG hereby transfers to Fenwick for the sum of One Dollar ($1.00), receipt whereof is hereby acknowledged, the VG's Interest.

4. The purchase price (the "Purchase Price") payable by Fenwick to the Foundation for the Foundation's Interest and to Dalhousie for Dalhousie's Interest shall be an amount equal to the capital account balance for the Foundation's Interest and Dalhousie's Interest recorded on the audited financial statements of the Partnership as at March 31, 1990.

5. Fenwick shall pay the Purchase Price as follows:

(a) as to the Foundation's Interest, a sum of approximately Seventy-Five Thousand Dollars ($75,000.00) representing their capital account balance as defined in paragraph 4, shall be paid in three (3) equal installments as follows:

1. Twenty-Five Thousand Dollars ($25,000.00) on the 30th day of October, 1990;

2. Twenty-Five Thousand Dollars ($25,000.00) on the 30th day of June, 1991; and

3. Twenty-Five Thousand Dollars ($25,000.00) or the balance on the 30th day of March, 1992.

(b) as to Dalhousie's Interest, a sum of approximately Fifty-Four Thousand Dollars ($54,000.00) representing their capital account balance as defined in paragraph 4, shall be paid in three (3) equal installments as follows: -

1. Eighteen Thousand Dollars ($18,000.00) on the 30th day of October, 1990;

2. Eighteen Thousand Dollars ($18,000.00) on the 30th day of June, 1991; and

3. Eighteen Thousand Dollars ($18,000.00) or the balance on the 30th day of March, 1992.

6. Fenwick shall pay interest to the Foundation and Dalhousie on any unpaid balance of the Purchase Price at the rate of fifteen per cent (15%) per annum commencing on September 30, 1990 and payable monthly on the last day of each month thereafter until the balance of the Purchase Price is paid in full.

7. Payment of the Purchase Price and interest thereon in accordance with paragraphs 5 and 6 above shall be made by Fenwick to the Foundation at the following address:

Victoria General Hospital Foundation
1278 Tower Road
Halifax, Nova Scotia
B3H 2Y9

Attention: Director, Finance & Administration

and to Dalhousie at the following address:

Dalhousie University
Faculty of Medicine
Halifax, Nova Scotia

Attention: Brian MacDougall, Director of Finance

or at such other address as the Foundation and Dalhousie may designate in writing from time to time.

8. VG, Dalhousie, the Foundation and Fenwick agree to cause the Partnership to execute and deliver to Fenwick, simultaneously with the execution of this Termination Agreement, a bill of sale evidencing the transfer of the assets of the Partnership to Fenwick contemplated hereby.

9. Fenwick shall be responsible for and agrees to indemnify and save the Foundation, the VG and Dalhousie harmless from any claim, demand, assessment or levy for Federal, Provincial or Municipal transfer, sales or other taxes applicable to or arising out of the transfer of the assets of the Partnership to Fenwick and the termination of the Partnership contemplated hereby.

10. As continuing collateral security for the payment of the Purchase Price in accordance with the terms hereof Fenwick agrees to execute and deliver to the Foundation, simultaneously with the execution of this Termination Agreement a first fixed and floating charge debenture, in the form annexed hereto as Schedule "A", charging all of the assets of Fenwick previously owned by the Partnership and used or to be used by Fenwick in connection with the Business.

11. Fenwick, the VG, the Foundation and Dalhousie hereby mutually release and discharge each other from any and all obligations pursuant to the Partnership Agreement.

12. Notwithstanding the termination of the Partnership, Fenwick agrees to:

(a) continue to make available to the VG its testing services at a reduced rate to be determined from time to time as mutually agreed by Fenwick and the VG; and

(b) provide to the Foundation, on a timely basis until such time as the Purchase Price has been paid in full, copies of its quarterly unaudited and annual audited financial statements prepared by the accountant for Fenwick.

13. Fenwick undertakes to discharge, perform and fulfill all debts, liabilities, contracts, commitments and engagements of the Partnership including, without limitation, those liabilities shown on the audited financial statements of the Partnership as at March 31, 1990. In connection with such undertakings Fenwick hereby indemnifies the Foundation, the VG and Dalhousie from and against all such debts, liabilities, contracts, commitments and engagements.

14. Fenwick and the VG hereby agree to jointly and severally indemnify and save the Foundation harmless from all manner of actions, causes of action, suits, proceedings, claims, losses or expenses which the Foundation may suffer or incur, whether directly or indirectly, in connection with or arising out of the Partnership or the Business.

15. Time shall be of the essence of this Termination Agreement.

16. This Termination Agreement shall be governed by the laws of the Province of Nova Scotia and the laws of Canada applicable therein and shall be treated in all respects as a Nova Scotia contract.

17. The provisions of this Termination Agreement may not be amended or modified in any respect except by written instrument executed by the parties hereto.

18. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

19. All references herein to money shall be to Canadian funds and any payment made pursuant to the provisions of this Termination Agreement shall be made by cash or certified cheque unless the parties otherwise agree.

WITNESS WHEREOF the parties hereto have properly executed this Termination Agreement as of the day and year first above written.

SIGNED, SEALED AND DELIVERED in the presence of

BOARD OF GOVERNORS OF DALHOUSIE UNIVERSITY

Per: _____

VICTORIA GENERAL HOSPITAL

Per: _____

VICTORIA GENERAL HOSPITAL FOUNDATION

Per: _____

PENWICK LABORATORIES LIMITED as successor by amalgamation to PATH SCIENTIFIC RESEARCH LIMITED

Per: _____

FJS/fw (aw14-50)

SCHEDULE "A"

CANADA
PROVINCE OF NOVA SCOTIA
COUNTY OF HALIFAX

IN THE MATTER OF the Corporations Securities Registration Act of Nova Scotia

- and -

IN THE MATTER OF the registration of a mortgage, charge or assignment contained in a Debenture of PENWICK LABORATORIES LIMITED

I, ROSS McCURDY, of Halifax, in the County of Halifax, Province of Nova Scotia, Medical Doctor, MAKE OATH AND SAY THAT:

1. I am the President of PENWICK LABORATORIES LIMITED, the Mortgagor or Assignor in a Debenture dated the day of , 1990, containing a mortgage, charge or assignment by the said corporation and I am aware of the circumstances connected with the transaction, and have a personal knowledge of the facts deposed to herein and have authority to make this affidavit on behalf of PENWICK LABORATORIES LIMITED.

2. The total amount secured by the Debenture is the sum of $750,000 with interest at the rate of 15% per annum.

3. A true copy of the said Debenture is annexed hereto and marked Exhibit "A" to this Affidavit.

4. The said Debenture was executed on the day of , 1990, but dated the day of , 1990.

SWORN before me at Halifax, in the County of Halifax, Province of Nova Scotia, this day of , 1990.

A Barrister of the Supreme Court of Nova Scotia

ROSS McCURDY

[PS/PS-14-07/#2br]

Exhibit "A"

PENWICK LABORATORIES LIMITED

(Incorporated under the Companies Act of Nova Scotia)

Issue of a single Debenture of $750,000 principal amount dated the day of , 1990, and maturing on demand.

No. 1 $750,000

WHEREAS Path Scientific Research Limited created and issued a Debenture dated May 30, 1990, in favour of Victoria General Hospital Foundation, which Debenture was filed May 31, 1990, at the office of the Registrar of Joint Stock Companies as Number 24411A (the "First Debenture");

AND WHEREAS Path Scientific Research Limited and Oceanchem Labs Limited amalgamated pursuant to the provisions of the Companies Act on June 1, 1990 to form Penwick Laboratories Limited;

AND WHEREAS Victoria General Hospital Foundation has requested Penwick Laboratories Limited to execute and deliver this Debenture to confirm that the charges contained in the First Debenture attach the assets of Penwick Laboratories Limited;

NOW THEREFORE:

1. PENWICK LABORATORIES LIMITED, a body corporate, with head office at Halifax, in the County of Halifax, Province of Nova Scotia (the "Company") for value received hereby acknowledges itself indebted and promises to pay to the Victoria General Hospital Foundation (the "Foundation") in lawful money of Canada at the offices of the Foundation at 1278 Tower Road, Halifax, Nova Scotia the principal amount of Seven Hundred and

Fifty Thousand Dollars ($750,000.00) on demand, together with interest at the rate of fifteen per centum (15%) per annum, such interest to be payable monthly on the last day of each month commencing on the 30th day of September, 1990, both before and after maturity and before and after default, with interest on overdue interest at the rate aforesaid.

2. As security for the payment of the principal amount and interest and all other moneys from time to time owing under this Debenture:

(a) the Company hereby transfers, mortgages and charges as and by way of a first fixed and specific mortgage and charge to and in favour of the Foundation all the equipment, machinery and other tangible personal property listed in Schedule "A" hereto; and

(c) the Company hereby charges as and by way of a first floating charge to and in favour of the Foundation the undertaking and all the property and assets of the Company for the time being, both real and personal, movable and immovable, of whatsoever nature and kind, now owned or hereafter acquired (except such real and immovable property and such tangible personal property as is validly and effectively subject to the first fixed and specific mortgage and charge created hereby), including its goodwill and uncalled capital;

PROVIDED that such mortgages and charges shall not extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Company, but the Company shall stand possessed of such last day and shall hold it in trust to assign the same to any person who may acquire such term or the part thereof hereby mortgaged and charged in the course of any enforcement of such mortgage and charge or any

realization of the subject matter thereof;

All property subject to such fixed mortgage and charge or to such floating charge shall be collectively referred to herein as the "mortgaged property".

3. This Debenture is issued subject to and with the benefit of the Conditions and Special Conditions attached hereto which are to be deemed to be part of this Debenture.

4. This Debenture is created and issued for the purpose of providing to the Foundation continuing collateral security for the payment by the Company to the Foundation of all money which is now or may at any time hereafter be due and owing to the Foundation or for which the Company is or may become liable to the Foundation in any manner whatever and for the discharge of all liabilities heretofore or hereafter incurred by the Company to the Foundation in any manner whatever and whether alone or jointly with any other person or persons and whether as principal or surety; and the charges created or purported to be created hereby shall be valid and effectual to the extent of, and shall secure the payment of, any and every balance owing to the Foundation by the Company.

This Debenture is in addition to and not in substitution for any other security now or hereafter held by the Foundation.

IN WITNESS WHEREOF the Company has caused its corporate

seal to be hereunto affixed and this Debenture to be signed by its President and its Secretary this day of , 1990.

WITNESS:

_____

PENWICK LABORATORIES LIMITED

PER: _____
PRESIDENT

PER: _____
SECRETARY

SPECIAL CONDITIONS

1. The Company covenants with the registered holder that it lawfully owns and/or is lawfully possessed of the mortgaged property, that it has good right and lawful authority to mortgage and charge the mortgaged property by this Debenture, that the mortgaged property and every part thereof are free and clear of all encumbrances (except as herein expressly provided), that it will warrant and defend title to the mortgaged property against the claims and demands of all persons whomsoever and that it will procure such further assurances as may reasonably be required.

2. The registered holder may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the mortgaged property or any part thereof having priority over the mortgage and charge created by this Debenture, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the mortgaged property including premiums for insurance on or in respect of the mortgaged property and all solicitor's charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other moneys whatsoever payable by the Company hereunder, as between solicitor and client, whether any actions or other judicial proceedings to enforce such payment has been taken or not and the amounts so paid shall be added to the debt hereby secured and be a charge on the mortgaged property and shall bear interest at the rate at which interest is payable in this Debenture, and shall be forthwith payable by the Company to the registered holder upon a decision by the registered holder to exercise the powers exercisable for breach of the covenant herein contained. If the registered holder pays (either in whole or in part) the amount of any such encumbrance, lien or charge, taxes, or rates, either out of the moneys advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

MAKE	MODEL	SERIAL #	REPLACEMENT VALUE
	TRACE ORGANICS DALHOUSIE UNIVERSITY		
Perkin-Elmer	Model 8420 gas chromatograph with heated split/splitless injector, data handling capability and flame ionization detector		$30,000.00
Perkin-Elmer	Model 8500 gas chromatograph with heated split/splitless injector, data handling capability and flame electron capture detector		$30,000.00
Perkin-Elmer	Model 8420 gas chromatograph with heated split/splitless injector, data handling and flame ionization detector		$30,000.00
Perkin-Elmer	Model 8500 gas chromatograph with dual split/splitless injectors and cryo focusing accessory		$25,000.00
Perkin-Elmer	GP-100 Graphics Printer		$1,000.00
Perkin-Elmer	GP-100 Graphics Printer		$1,000.00
Perkin-Elmer	AS-300 Autosampler		$9,000.00
Perkin-Elmer	AS-300 Autosampler		$9,000.00
Perkin-Elmer	Ion Trap Detector (mass spectrometer)		$50,000.00
IBM	AT computer with enhanced color display VDT and 14" Epson dot matrix printer		$5,000.00

RCA9
VGH FOUNDATION

Roche Diagnostics	Centrifugal Analyzer Cobas Fara	22-3218	$100,000.00
Roche Diagnostics	Centrifugal Analyzer Cobas Fara	22-3298	$100,000.00
Technicon	Linear Sampler P/N 165-A011-01F1	TC0185	$60,000.00
	TRAACS 800 Analy Console Master P/N 165-A012-01	TC00086	
Rapid Refrigeration MFG. CO.	Refrigerator - Hussman Model #RD-42	87055539	$2,256.00
CEM Corp.	Microwave Digestion System Model MDS-81D	1138	$9,200.00
CEM Corp.	Capping Station	1712	$1,800.00
Perkin Elmer	ICP-MS, Sciex Model 500		$360,000.00

Path Scientific Research
Computer Inventory

DECEMBER 14, 1989
Updated JANUARY 20, 1990

Item	Description	Manufacturer	Model	SN	COST
Monitor	VGA Color	Fujikama	FVGA-1539	8902869	$400
Keyboard	101 AT Style	DK-HK	KB-6251EM	90522491	$125
Mouse	Genius 3 key	Kung Ying Enterprise Co.	GM-6	91315758	$125
Computer	386 Computer	PC-Technologies	PC-Tech 386	N/A	$5345

Configuration:
- 386-20 processor
- math co-processor 387-20
- ATI Video Wondercard (VGA 256K)
- 40 MB Hard Disk
- tower case
- 5 1/4" Floppy Disk (1.2MB)
- 3 1/2" Floppy Disk (1.44MB)
- 4 MB Ram
- 2 Year warranty

sub total $5995

Monitor	IBM Color	IBM	5154	0207548	$400
Keyboard	101 AT Style	IBM	M	1390131	$100
Printer	Dot Matrix	Epson	LQ-1000	03008156	$395
Computer	286 computer	IBM	5170	N/A	$1500

(model 5170 discontinued by IBM. Replacement values are from comparable AT clone.)

Configuration: $2000
- Perkin Elymer Host Adapter
- Dual 5 1/4" loppy Disk Drives (1.2MB)
- 640 K RAM
- 40 MB Hard Disk
- Serial/Parallel Card
- 286-10 processor
- EGA Video Card

sub total $4395

Item	Description	Manufacturer	Model	Ser	Cost
Monitor	Amber Mono	Packard Bell	PB1272A	80605433	$150
Keyboard	Packard Bell	Packard Bell	RCLEA9072	015241	$100
Computer	XT	Packard Bell	PBVZ88	8410734	$1300
Configuration:					
	Hercules compatable video card				
	serial/parallel cards				$49
	Serial card				$600
	Dascon 1 data aquisition board				
	640 K RAM				
	5 1/4" Floppy Disk Drive			sub total	$2199

Monitor	Amber Mono	Amdex	Video 410A	6510228	$150
Keyboard	101 AT Style	IBM	M	2332811	$100
Printer	Dot Matrix	Epson	P82AA	100116762	$395
Computer	XT	IBM	5160	3098889	$1300
Configuration:					
	Hecules graphics card				
	Serial/Parallel card				
	Dual 5 1/4" Floppy Disk Drives				
	640 K RAM				
	088-4.77 processor			sub total	$1945

Monitor	Amber Mono	Laser	MXM-1200	MLVTB300-2632	$150
Keyboard	Laser	Laser	902/920229	B022835	$100
Printer	Line Printer	Fujitsu	DL2600	010599	$3600
Computer	XT	Laser	Laser XT	0011289	$1300
Configuration:					
	Hercules compatable graphics card				
	Serial/ Parallel Card				$150
	Arcnet card				
	Dual 5 1/4" Floppy Disk Drives				
	640 K RAM				
	086-10 processor			sub total	$5300

Printer	Laser Printer	Panasonic	KX-P4450	9ORAPW02482	$2600
Modem	1200 BAUD	Avatex	1200hc	505960	$200
Modem	2400 BAUD	Incomm	MCPC24	MDC02928	$290
Modem	2400 BAUD	Incomm	MCPC24	MDC02928	$290

Item	Description	Manufacturer	Model	s#	Cost
Active HUB	8 User Novell	Pure Data LTD	PDC508	A24063	$370
UPS	Uninterruptable Power Supply	Sendon	UPS-400W	MTS 30135	$770
Monitor	Amber Mono	Samsung	SM-1287A2	870245891	$150
Keyboard	101 AT Style	Quest	01B7C	0295695	$100 -
Computer	AT	Quest	Quest AT	MTS 17056	$1500
Configuration:					
	1 MB RAM Upgrade				$300
	Herc Compatable Graphics Card				
	Serial/Parallel Card				
	5 1/4" Floppy Disk Drive (1.2 MB)				
	286-10 processor				$1200
	60 MB Tape Drive				$150
	Arcnet Card			sub total	$3400
Monitor	Amber Mono	Samsung			$150
Keyboard	101 AT Style	Quest	01B7C	0295673	$100
Computer	AT	Quest	Quest AT		$1500
Configuration:					
	286-10 processor				$450
	2MB RAM Upgrade				$3000
	Prism 230 MB Hard Disk				
	5 1/4 " Floppy Disk Drive (1.2MB)				$150
	Arcnet Card				
	Serial/Parallel Card				
	Herc Compatable Graphic Card			sub total	$5450
Monitor	Amber Mono	Samsung	SM-1287A7	865043872	$150
Keyboard	101 AT Style	Tatung	01B7C	0296379	$100
Printer	Dot Matrix	Roland	DC-PR1012	012318	$395
Computer	AT	Tatung	TCS-7000	06720759	$1500
Configuration:					
	286-10 processor				$150
	Arcnet Card				
	Serial/Parallel Card				
	5 1/4 " Floppy Disk Drive (1.2MB)				
	Herc Compatable Graphic Card				
	640 K RAM			sub total	$2295

Item	Description	Manufacturer	Model	Serial No.	Cost
Moniter	Amber Mono	Samsung	SM-1287A7	871690853	$150
Keyboard	101 AT Style	Tatung	01B7C	0295679	$100
Computer	AT	Tatung	TCS-7000	06720758	$1500
Configuration:					
	286-10 processor				
	640 K RAM				$150
	Arcnet Card				
	Serial/Parallel Card				
	5 1/4 " Floppy Disk Drive (1.2 MB)				
	Herc Compatable Graphic Card				
				sub total	$1900

END OF SCHEDULE "A"

DATED: May 30, 1990

* *

BETWEEN:

PATH SCIENTIFIC RESEARCH LIMITED

- and -

VICTORIA GENERAL HOSPITAL FOUNDATION

==========

D E B E N T U R E

==========

McINNES COOPER & ROBERTSON
Barristers & Solicitors
1601 Lower Water Street
Halifax, Nova Scotia
B3J 2V1

File # FS-14

DATED: _____

BETWEEN:

VICTORIA GENERAL HOSPITAL

- and -

VICTORIA GENERAL HOSPITAL FOUNDATION

- and -

PATH SCIENTIFIC RESEARCH LIMITED

TERMINATION AGREEMENT

McINNES COOPER & ROBERTSON
Cornwallis Place
1601 Lower Water Street
P.O. Box 730
Halifax, Nova Scotia
B3J 2V1

FJS/aw (AW13-16)

CANADA
PROVINCE OF NOVA SCOTIA
COUNTY OF HALIFAX

IN THE MATTER OF the Corporations Securities Registration Act of Nova Scotia

- and -

IN THE MATTER OF the registration of a mortgage, charge or assignment contained in a Debenture of **PATH SCIENTIFIC RESEARCH LIMITED**

I, Malcolm MacAulay, of Halifax, in the County of Halifax, Province of Nova Scotia, Medical Doctor, MAKE OATH AND SAY THAT:

1. I am the President of **PATH SCIENTIFIC RESEARCH LIMITED**, the Mortgagor or Assignor in a Debenture dated the 30th day of May, 1990, containing a mortgage, charge or assignment by the said corporation and I am aware of the circumstances connected with the transaction, and have a personal knowledge of the facts deposed to herein and have authority to make this affidavit on behalf of **PATH SCIENTIFIC RESEARCH LIMITED**.

2. The total amount secured by the Debenture is the sum of $750,000 with interest at the rate of 15% per annum.

3. A true copy of the said Debenture is annexed hereto and marked Exhibit "A" to this Affidavit.

4. The said Debenture was executed on the 30th day of May, 1990, but dated the 30th day of May, 1990.

SWORN before me at Halifax, in the County of Halifax, Province of Nova Scotia, this 30th day of May, 1990.

A Barrister of the Supreme Court of Nova Scotia
WILLARD STRUG

m. a. macaulay
MALCOLM MacAULAY

[FS/FS-014-06/#3rr]

Exhibit "A"

PATH SCIENTIFIC RESEARCH LIMITED

(Incorporated under the Companies Act of Nova Scotia)

Issue of a single Debenture of $750,000 principal amount dated the 30th day of May, 1990, and maturing on demand.

No. 1 $750,000

1. PATH SCIENTIFIC RESEARCH LIMITED, a body corporate, with head office at Halifax, in the County of Halifax, Province of Nova Scotia (the "Company") for value received hereby acknowledges itself indebted and promises to pay to the Victoria General Hospital Foundation (the "Foundation") in lawful money of Canada at the offices of the Foundation at 1278 Tower Road, Halifax, Nova Scotia the principal amount of Seven Hundred and Fifty Thousand Dollars ($750,000.00) on demand, together with interest at the rate of fifteen per centum (15%) per annum, such interest to be payable monthly on the last day of each month commencing on the 30th day of September, 1990, both before and after maturity and before and after default, with interest on overdue interest at the rate aforesaid.

2. As security for the payment of the principal amount and interest and all other moneys from time to time owing under this Debenture:

(a) the Company hereby transfers, mortgages and charges as and by way of a first fixed and specific mortgage and charge to and in favour of the Foundation all the equipment, machinery and other tangible personal property listed in Schedule "A" hereto; and

(c) the Company hereby charges as and by way of a first floating charge to and in favour of the Foundation the undertaking and all the property and assets of the Company for the time being, both real and personal, movable and immovable, of whatsoever nature and kind, now owned or hereafter acquired (except such real and immovable property and such tangible personal property as is validly and effectively subject to the first fixed and specific mortgage and charge created hereby), including its goodwill and uncalled capital;

PROVIDED that such mortgages and charges shall not extend or apply to the last day of the term of any lease or any agreement therefor now held or hereafter acquired by the Company, but the Company shall stand possessed of such last day and shall hold it in trust to assign the same to any person who may acquire such term or the part thereof hereby mortgaged and charged in the course of any enforcement of such mortgage and charge or any realization of the subject matter thereof;

All property subject to such fixed mortgage and charge or to such floating charge shall be collectively referred to herein as the "mortgaged property".

3. This Debenture is issued subject to and with the benefit of the Conditions and Special Conditions attached hereto which are to be deemed to be part of this Debenture.

4. This Debenture is created and issued for the purpose of providing to the Foundation continuing collateral security for the payment by the Company to the Foundation of all money which is now or may at any time hereafter be due and owing to the Foundation or for which the Company is or may become liable to the Foundation in any manner whatever and for the discharge of all liabilities heretofore or hereafter incurred by the Company

to the Foundation in any manner whatever and whether alone or jointly with any other person or persons and whether as principal or surety; and the charges created or purported to be created hereby shall be valid and effectual to the extent of, and shall secure the payment of, any and every balance owing to the Foundation by the Company.

This Debenture is in addition to and not in substitution for any other security now or hereafter held by the Foundation.

IN WITNESS WHEREOF the Company has caused its corporate seal to be hereunto affixed and this Debenture to be signed by its President and its Secretary this 30th day of May, 1990.

WITNESS:

PATH SCIENTIFIC RESEARCH LIMITED

PER: _____
PRESIDENT

PER: _____
SECRETARY

[PS/PS-014-02/#3rr]

CONDITIONS

1. A register shall be kept by the Company at its office wherein there shall be entered the name, address and description of the registered holder of this Debenture. The registered holder shall be regarded as exclusively entitled to the benefit of this Debenture and the Company shall not be bound to enter in the register notice of any trust or to recognize any trust or equity affecting title to this Debenture or the moneys hereby secured.

2. To transfer this Debenture a transfer in writing signed by the registered holder accompanied by this Debenture shall be delivered at the office of the Company where the Debenture is registered with such evidence of identity or title as the Company may reasonably require and with the amount of any transfer or other tax payable on such transfer. The transfer shall thereupon be registered and the registration shall be duly noted by an endorsement hereon signed by the Secretary or the Treasurer of the Company.

3. The Company hereby covenants that it shall

(a) diligently maintain, use and operate the mortgaged property and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the mortgaged property and the earnings, incomes, rents, issues and profits thereof;

(b) cause all its property which is of a character usually insured by companies operating properties of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature and to the extent that such properties are usually insured by companies operating properties of a similar nature in the same or

similar localities;

(c) pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the mortgaged property or any part thereof as and when the same shall become due and payable, and shall exhibit to the registered holder, when required, the receipts and vouchers establishing such payments;

(d) duly observe and conform to all valid requirements of any governmental authority relative to any of the mortgaged property and all covenants, terms and conditions upon or under which the mortgaged property is held;

(e) keep proper books of account in accordance with sound accounting practice and shall furnish to the registered holder an audited balance sheet and statements of profit and loss, each category of surplus, and cash flow for each fiscal year within 120 days of the end of the fiscal year, and an unaudited balance sheet and statements of profit and loss and each category of surplus quarterly within 60 days of the end of each quarter, shall furnish to the registered holder such other financial information and statements as the registered holder may from time to time reasonably require and shall permit the registered holder or its authorized agent at any time at the expense of the Company to examine the books of account and other financial records and reports of the Company and to make copies thereof and take extracts therefrom;

(f) furnish to the registered holder such information with respect to the mortgaged property and the insur-

ance thereon as the registered holder may from time to time reasonably require, and shall give written notice to the registered holder of all litigation before any court, administrative board or other tribunal affecting the mortgaged property;

(g) cause each of its subsidiaries, if any, to perform in respect of its property, business and accounts each of the covenants set out in this Condition 3.

4. The Company shall not, without the consent in writing of the registered holder, create any mortgage, hypothec, charge, lien or other encumbrance upon the mortgaged property or any part thereof ranking or purporting to rank in priority to or pari passu with the mortgages and charges created by this Debenture, except that the Company may give mortgages or liens in connection with the acquisition of property after the date hereof or may acquire property subject to any mortgage, lien or other encumbrance thereon existing at the time of such acquisition and any such mortgage, lien or other encumbrance shall rank in priority to the mortgages and charges hereby created.

5. The principal amount, interest and other moneys hereby secured shall immediately become payable and the security hereby constituted shall immediately become enforceable in each of the following events:

(a) if the Company makes default in payment of any payment of principal hereunder;

(b) if the Company makes default in payment of any interest due hereunder and such default continues for a period of fifteen days;

(c) if the Company makes default in any covenant or condition hereunder;

(d) if the Company ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an authorized assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

(e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Company declared bankrupt or wound up, or to have a receiver appointed of any part of the mortgaged property or if any encumbrancer takes possession of any part thereof;

(f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the Company or if any distress or analogous process is levied upon the property of the Company or any part thereof;

(g) if the registered holder in good faith believes that the ability of the Company to pay any moneys hereby secured or to perform any covenant or condition hereof is impaired or that the mortgaged property is in danger of being lost, damaged or confiscated.

(h) if the Company makes default in payment of any indebtedness or liability to the Foundation.

6. The registered holder hereof may by notice to the Company waive any default of the Company on such terms and conditions as the registered holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom.

7. Whenever the security hereby constituted becomes enforceable and so long as it remains enforceable,

(a) the registered holder may immediately take possession of the mortgaged property and sell and dispose thereof either as a whole or in separate parcels at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the registered holder may determine; and the registered holder may execute and deliver to any purchaser of the mortgaged property or any part thereof good and sufficient deeds and documents for the same, the registered holder being irrevocably constituted the attorney of the Company for the purpose of making any such sale and executing such deeds and documents;

(b) the registered holder may by instrument in writing appoint any person to be a receiver (which term shall include a receiver and manager) of the mortgaged property or of any part thereof and may remove any receiver so appointed and appoint another in his stead; and any receiver so appointed shall have power (1) to take possession of the mortgaged property or any part thereof, (2) to carry on the business of the Company, (3) to borrow money required for the maintenance, preservation or protection of the mortgaged property or any part thereof or for the carrying on of the business of the Company and (4) to sell the whole or any part of the mortgaged property on such terms and conditions and in such manner as the receiver may determine; provided that any such receiver shall be deemed the agent of the Company, and the registered holder hereof shall not be in any way responsible for any misconduct or negligence of any such receiver; and

(c) the registered holder may exercise any of the other rights to which the registered holder is entitled as holder of this Debenture including the right to take proceedings in any court of competent jurisdiction for the appointment of a receiver and manager, for the sale of the mortgaged property or any part thereof or for foreclosure, and the right to take any other action, suit, remedy or proceeding authorized or permitted hereunder or by law or by equity in order to enforce the security constituted by this Debenture.

8. The Company shall pay to the registered holder upon demand the amount of all expenses incurred in recovering any moneys owing hereunder or in enforcing the security hereby constituted with interest thereon from the date of the incurring of such expenses at the rate at which interest is payable under this Debenture.

9. If the Company pays to the registered holder the moneys secured by this Debenture and otherwise observes and performs the terms and conditions hereof, then this Debenture and the rights hereby granted shall cease and be void and thereupon the registered holder shall at the request and at the expense of the Company cancel and discharge the mortgage and charge of this Debenture and execute and deliver to the Company such deeds and other instruments as shall be requisite therefor.

10. Any notice or demand required or permitted to be made or given hereunder by the registered holder to the Company shall be made or given by mailing the same by prepaid registered mail addressed to the Company at 5595 Fenwick Street, Halifax, Nova Scotia, and shall be conclusively deemed to have been received by the Company on the next business day following the date of such mailing.

11. The term "subsidiary" in this Debenture means any corporation of which shares carrying votes sufficient to elect a majority of the board of directors are directly or indirectly owned or controlled by the Company.

FORM OF REGISTRATION

(no writing hereon except by the Company)

Date of Registry	In Whose Name Registered	Signature of Secretary or Treasurer of the Company
30 May 1990	VICTORIA GENERAL HOSPITAL FOUNDATION:	SECRETARY

SPECIAL CONDITIONS

1. The Company covenants with the registered holder that it lawfully owns and/or is lawfully possessed of the mortgaged property, that it has good right and lawful authority to mortgage and charge the mortgaged property by this Debenture, that the mortgaged property and every part thereof are free and clear of all encumbrances (except as herein expressly provided), that it will warrant and defend title to the mortgaged property against the claims and demands of all persons whomsoever and that it will procure such further assurances as may reasonably be required.

2. The registered holder may pay the amount of any encumbrance, lien or charge now or hereafter existing or to arise or be claimed upon the mortgaged property or any part thereof having priority over the mortgage and charge created by this Debenture, and may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the mortgaged property including premiums for insurance on or in respect of the mortgaged property and all solicitor's charges or commissions for or in respect of the collection of any overdue interest, principal, insurance premiums or any other moneys whatsoever payable by the Company hereunder, as between solicitor and client, whether any actions or other judicial proceedings to enforce such payment has been taken or not and the amounts so paid shall be added to the debt hereby secured and be a charge on the mortgaged property and shall bear interest at the rate at which interest is payable in this Debenture, and shall be forthwith payable by the Company to the registered holder upon a decision by the registered holder to exercise the powers exercisable for breach of the covenant herein contained. If the registered holder pays (either in whole or in part) the amount of any such encumbrance, lien or charge, taxes, or rates, either out of the moneys advanced on this security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off.

MAKE	MODEL	SERIAL #	REPLACEMENT VALUE
	TRACE ORGANICS DALHOUSIE UNIVERSITY		
Perkin-Elmer	Model 8420 gas chromatograph with heated split/splitless injector, data handling capability and flame ionization detector		$30,000.00
Perkin-Elmer	Model 8500 gas chromatograph with heated split/splitless injector, data handling capability and flame electron capture detector		$30,000.00
Perkin-Elmer	Model 8420 gas chromatograph with heated split/splitless injector, data handling and flame ionization detector		$30,000.00
Perkin-Elmer	Model 8500 gas chromatograph with dual split/splitless injectors and cryo focusing accessory		$25,000.00
Perkin-Elmer	GP-100 Graphics Printer		$1,000.00
Perkin-Elmer	GP-100 Graphics Printer		$1,000.00
Perkin-Elmer	AS-300 Autosampler		$9,000.00
Perkin-Elmer	AS-300 Autosampler		$9,000.00
Perkin-Elmer	Ion Trap Detector (mass spectrometer)		$50,000.00
IBM	AT computer with enhanced color display VDT and 14" Epson dot matrix printer		$5,000.00

RCAp
VGH FOUNDATION

Roche Diagnostics	Centrifugal Analyzer Cobas Fara	22-3218	$100,000.00
Roche Diagnostics	Centrifugal Analyzer Cobas Fara	22-3298	$100,000.00
Technicon	Linear Sampler P/N 165-A011-01F1	TC0185	$60,000.00
	TRAACS 800 Analy Console Master P/N 165-A012-01	TC00086	
Rapid Refrigeration MFG. CO.	Refrigerator - Hussman Model #RD-42	87055539	$2,256.00
CEM Corp.	Microwave Digestion System Model MDS-81D	1138	$9,200.00
CEM Corp.	Capping Station	1712	$1,800.00
Perkin Elmer	ICP-MS, Sciex Model 500		$360,000.00

SCHEDULE A CONTINU

Path Scientific Research
Computer Inventory

DECEMBER 14, 1989
Updated JANUARY 20, 1990

Item	Description	Manufacturer	Model	SN	COST
Monitor	VGA Color	Fujikama	PVGA-1539	8902869	$400
Keyboard	101 AT Style	DK-HK	KB-6251EM	90522491	$125
Mouse	Genius 3 key	Kung Ying Enterprise Co.	GM-6	91315758	$125
Computer	386 Computer	PC-Technologies	PC-Tech 386	N/A	$5345

Configuration:
386-20 processor
math co-processor 387-20
ATI Video Wondercard (VGA 256K)
40 MB Hard Disk
tower case
5 1/4" Floppy Disk (1.2MB)
3 1/2" Floppy Disk (1.44MB)
4 MB Ram
2 Year warranty

sub total $5995

Monitor	IBM Color	IBM	5154	0207548	$400
Keyboard	101 AT Style	IBM	M	1390131	$100
Printer	Dot Matrix	Epson	LQ-1000	03008156	$395
Computer	286 computer	IBM	5170	N/A	$1500

(model 5170 discontinued by IBM. Replacement values are from comparable AT clone.)

Configuration: $2000
Perkin Elymer Host Adapter
Dual 5 1/4" loppy Disk Drives (1.2MB)
640 K RAM
40 MB Hard Disk
Serial/Parallel Card
286-10 processor
EGA Video Card

sub total $4395

Item	Description	Manufacturer	Model	SN	COST
Monitor	Amber Mono	Packard Bell	PB1272A	80605433	$150
Keyboard	Packard Bell	Packard Bell	KCLRA9072	015241	$100
Computer	XT	Packard Bell	PBVX88	8410734	$1300
Configuration:					
	Hercules compatable video card				
	serial/parallel cards				$49
	Serial card				$600
	Dascon 1 data aquisition board				
	640 K RAM				
	5 1/4" Floppy Disk Drive				
				sub total	$2199

Monitor	Amber Mono	Amdex	Video 410A	6510228	$150
Keyboard	101 AT Style	IBM	M	2332811	$100
Printer	Dot Matrix	Epson	P82AA	100116762	$395
Computer	XT	IBM	5160	3098889	$1300
Configuration:					
	Hecules graphics card				
	Serial/Parallel card				
	Dual 5 1/4" Floppy Disk Drives				
	640 K RAM				
	088-4.77 processor				
				sub total	$1945

Monitor	Amber Mono	Laser	HDM-1200	MLVTB300-2632	$150
Keyboard	Laser	Laser	902/920229	8022835	$100
Printer	Line Printer	Fujitsu	DL2600	010599	$3600
Computer	XT	Laser	Laser XT	0011289	$1300
Configuration:					
	Hercules compatable graphics card				
	Serial/ Parallel Card				$150
	Arcnet card				
	Dual 5 1/4" Floppy Disk Drives				
	640 K RAM				
	086-10 processor				
				sub total	$5300

Printer	Laser Printer	Panasonic	KX-P4450	90MAPN02482	$2600
Modem	1200 BAUD	Avatex	1200hc	505960	$200
Modem	2400 BAUD	Incomm	MGPC24	MGC02928	$290
Modem	2400 BAUD	Incomm	MGPC24	MGC02928	$290

Item	Description	Manufacturer	Model	SN	COST
Active HUB 8 User Novell		Pure Data LTD	PDC508	A24063	$370
UPS	Uninterruptable Power Supply	Sendon	UPS-400W	MTS 30135	$770
Monitor	Amber Mono	Samsung	SM-12SFA2	870245891	$150
Keyboard	101 AT Style	Quest	01B7C	0295695	$100
Computer	AT	Quest	Quest AT	MTS 17056	$1500
Configuration:					
	1 MB RAM Upgrade				$300
	Herc Compatable Graphics Card				
	Serial/Parallel Card				
	5 1/4" Floppy Disk Drive (1.2 MB)				
	286-10 processor				$1200
	60 MB Tape Drive				$150
	Arcnet Card			sub total	$3400
Monitor	Amber Mono	Samsung			$150
Keyboard	101 AT Style	Quest	01B7C	0295673	$100
Computer	AT	Quest	Quest AT		$1500
Configuration:					
	286-10 processor				$450
	2MB RAM Upgrade				$3000
	Priam 230 MB Hard Disk				
	5 1/4 " Floppy Disk Drive (1.2MB)				$150
	Arcnet Card				
	Serial/Parallel Card				
	Herc Compatable Graphic Card			sub total	$5450
Monitor	Amber Mono	Samsung	SM-12FA7	865043872	$150
Keyboard	101 AT Style	Tatung	01B7C	0296379	$100
Printer	Dot Matrix	Roland	DG-PR1012	012318	$395
Computer	AT	Tatung	TCS-7000	06720759	$1500
Configuration:					
	286-10 processor				$150
	Arcnet Card				
	Serial/Parallel Card				
	5 1/4 " Floppy Disk Drive (1.2MB)				
	Herc Compatable Graphic Card				
	640 K RAM			sub total	$2295

Item	Description	Manufacturer	Model	SN	COST
Monitor	Amber Mono	Samsung	SM-128FA7	871690853	$150
Keyboard	101 AT Style	Tatung	01B7C	0295679	$100
Computer	AT	Tatung	TCS-7000	06720758	$1500

Configuration:

286-10 processor
640 K RAM
Arcnet Card
Serial/Parallel Card
5 1/4 " Floppy Disk Drive (1.2 MB)
Herc Compatable Graphic Card — $150

sub total $1900

END OF SCHEDULE "A"

CONDITIONS

1. A register shall be kept by the Company at its office wherein there shall be entered the name, address and description of the registered holder of this Debenture. The registered holder shall be regarded as exclusively entitled to the benefit of this Debenture and the Company shall not be bound to enter in the register notice of any trust or to recognize any trust or equity affecting title to this Debenture or the moneys hereby secured.

2. To transfer this Debenture a transfer in writing signed by the registered holder accompanied by this Debenture shall be delivered at the office of the Company where the Debenture is registered with such evidence of identity or title as the Company may reasonably require and with the amount of any transfer or other tax payable on such transfer. The transfer shall thereupon be registered and the registration shall be duly noted by an endorsement hereon signed by the Secretary or the Treasurer of the Company.

3. The Company hereby covenants that it shall

(a) diligently maintain, use and operate the mortgaged property and shall carry on and conduct its business in a proper and efficient manner so as to preserve and protect the mortgaged property and the earnings, incomes, rents, issues and profits thereof;

(b) cause all its property which is of a character usually insured by companies operating properties of a similar nature to be properly insured and kept insured with reputable insurers against loss or damage by fire or other hazards of the nature and to the extent that such properties are usually insured by companies operating properties of a similar nature in the same or

similar localities;

(c) pay all rents, taxes, rates, levies, assessments and government fees or dues lawfully levied, assessed or imposed in respect of the mortgaged property or any part thereof as and when the same shall become due and payable, and shall exhibit to the registered holder, when required, the receipts and vouchers establishing such payments;

(d) duly observe and conform to all valid requirements of any governmental authority relative to any of the mortgaged property and all covenants, terms and conditions upon or under which the mortgaged property is held;

(e) keep proper books of account in accordance with sound accounting practice and shall furnish to the registered holder an audited balance sheet and statements of profit and loss, each category of surplus, and cash flow for each fiscal year within 120 days of the end of the fiscal year, and an unaudited balance sheet and statements of profit and loss and each category of surplus quarterly within 60 days of the end of each quarter, shall furnish to the registered holder such other financial information and statements as the registered holder may from time to time reasonably require and shall permit the registered holder or its authorized agent at any time at the expense of the Company to examine the books of account and other financial records and reports of the Company and to make copies thereof and take extracts therefrom;

(f) furnish to the registered holder such information with respect to the mortgaged property and the insur-

ance thereon as the registered holder may from time to time reasonably require, and shall give written notice to the registered holder of all litigation before any court, administrative board or other tribunal affecting the mortgaged property;

(g) cause each of its subsidiaries, if any, to perform in respect of its property, business and accounts each of the covenants set out in this Condition 3.

4. The Company shall not, without the consent in writing of the registered holder, create any mortgage, hypothec, charge, lien or other encumbrance upon the mortgaged property or any part thereof ranking or purporting to rank in priority to or pari passu with the mortgages and charges created by this Debenture, except that the Company may give mortgages or liens in connection with the acquisition of property after the date hereof or may acquire property subject to any mortgage, lien or other encumbrance thereon existing at the time of such acquisition and any such mortgage, lien or other encumbrance shall rank in priority to the mortgages and charges hereby created.

5. The principal amount, interest and other moneys hereby secured shall immediately become payable and the security hereby constituted shall immediately become enforceable in each of the following events:

(a) if the Company makes default in payment of any payment of principal hereunder;

(b) if the Company makes default in payment of any interest due hereunder and such default continues for a period of fifteen days;

(c) if the Company makes default in any covenant or condition hereunder;

(d) if the Company ceases or threatens to cease to carry on its business, commits an act of bankruptcy, becomes insolvent, makes an authorized assignment or bulk sale of its assets, or proposes a compromise or arrangement to its creditors;

(e) if any proceeding is taken with respect to a compromise or arrangement, or to have the Company declared bankrupt or wound up, or to have a receiver appointed of any part of the mortgaged property or if any encumbrancer takes possession of any part thereof;

(f) if any execution, sequestration or extent or any other process of any court becomes enforceable against the Company or if any distress or analogous process is levied upon the property of the Company or any part thereof;

(g) if the registered holder in good faith believes that the ability of the Company to pay any moneys hereby secured or to perform any covenant or condition hereof is impaired or that the mortgaged property is in danger of being lost, damaged or confiscated.

(h) if the Company makes default in payment of any indebtedness or liability to the Foundation.

6. The registered holder hereof may by notice to the Company waive any default of the Company on such terms and conditions as the registered holder may determine, but no such waiver shall be taken to affect any subsequent default or the rights resulting therefrom.

7. Whenever the security hereby constituted becomes enforceable and so long as it remains enforceable,

(a) the registered holder may immediately take possession of the mortgaged property and sell and dispose thereof either as a whole or in separate parcels at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the registered holder may determine; and the registered holder may execute and deliver to any purchaser of the mortgaged property or any part thereof good and sufficient deeds and documents for the same, the registered holder being irrevocably constituted the attorney of the Company for the purpose of making any such sale and executing such deeds and documents;

(b) the registered holder may by instrument in writing appoint any person to be a receiver (which term shall include a receiver and manager) of the mortgaged property or of any part thereof and may remove any receiver so appointed and appoint another in his stead; and any receiver so appointed shall have power (1) to take possession of the mortgaged property or any part thereof, (2) to carry on the business of the Company, (3) to borrow money required for the maintenance, preservation or protection of the mortgaged property or any part thereof or for the carrying on of the business of the Company and (4) to sell the whole or any part of the mortgaged property on such terms and conditions and in such manner as the receiver may determine; provided that any such receiver shall be deemed the agent of the Company, and the registered holder hereof shall not be in any way responsible for any misconduct or negligence of any such receiver; and

(c) the registered holder may exercise any of the other rights to which the registered holder is entitled as holder of this Debenture including the right to take proceedings in any court of competent jurisdiction for the appointment of a receiver and manager, for the sale of the mortgaged property or any part thereof or for foreclosure, and the right to take any other action, suit, remedy or proceeding authorized or permitted hereunder or by law or by equity in order to enforce the security constituted by this Debenture.

8. The Company shall pay to the registered holder upon demand the amount of all expenses incurred in recovering any moneys owing hereunder or in enforcing the security hereby constituted with interest thereon from the date of the incurring of such expenses at the rate at which interest is payable under this Debenture.

9. If the Company pays to the registered holder the moneys secured by this Debenture and otherwise observes and performs the terms and conditions hereof, then this Debenture and the rights hereby granted shall cease and be void and thereupon the registered holder shall at the request and at the expense of the Company cancel and discharge the mortgage and charge of this Debenture and execute and deliver to the Company such deeds and other instruments as shall be requisite therefor.

10. Any notice or demand required or permitted to be made or given hereunder by the registered holder to the Company shall be made or given by mailing the same by prepaid registered mail addressed to the Company at 5595 Fenwick Street, Halifax, Nova Scotia, and shall be conclusively deemed to have been received by the Company on the next business day following the date of such mailing.

11. The term "subsidiary" in this Debenture means any corporation of which shares carrying votes sufficient to elect a majority of the board of directors are directly or indirectly owned or controlled by the Company.

FORM OF REGISTRATION

(no writing hereon except by the Company)

Date of Registry	In Whose Name Registered	Signature of Secretary or Treasurer of the Company
	VICTORIA GENERAL HOSPITAL FOUNDATION	

[FS/FS-14-03/$1rr]

Nova Scotia

Auditor General

PO Box 793
Halifax, Nova Scotia
B3J 2V2

June 12, 1991

Dr. J. William Gillis, Chairman
and Members
Public Accounts Committee
Province of Nova Scotia
Halifax, N.S.

Dear Dr. Gillis:

At the May 29, 1991 meeting of the Public Accounts Committee, there were requests for certain additional information to be provided to the Committee by our office. I take pleasure in so doing, and enclose 20 copies of the following.

Schedule 1 - Summary of Provincial Tax Commission accounts written off during the year ended March 31, 1990, according to Statement 19 of the Public Accounts;

Schedule 2 - Details of Provincial Tax Commission accounts over $25,000 written off during the year ended March 31, 1990.

Schedule 3 - Details of additional appropriations in excess of $200,000 for the year ended March 31, 1990.

Schedule 4 - Listing of consultant and related payments in excess of $1,000.00 made by the Public Utilities Board during the period January 1, 1989 to December 31, 1990.

Yours very truly,

O.P. Cormier

O.P. Cormier
Auditor General

JRB/nm
Encl.

SCHEDULE I

PROVINCIAL TAX COMMISSION
SUMMARY OF ACCOUNTS WRITTEN OFF
AS AT MARCH 31, 1990

	#	$
Under $5,000	274	$329,697.15
$5,000 - $10,000	42	291,948.63
$10,000 - $25,000	41	673,276.14
$25,000 - $100,000	19	847,905.97
Over $100,000	-	-
	376	$2,142,827.89

SCHEDULE 2

PROVINCIAL TAX COMMISSION
ACCOUNTS GREATER THAN $25,000 WRITTEN OFF
AS AT MARCH 31, 1990

Write-Offs

Name	Amount	Reason
Rayshield Ltd.	$77,649.12	Bankruptcy
Bluenose Fisheries Ltd.	75,880.51	Bankruptcy
Cape Breton Turf Club Ltd.	25,791.73	Company closed
Martin Fabrications Ltd.	32,241.60	Receivership
MacNeil's Auto Salvage	63,891.23	No assets
Digby Music Limited	29,162.84	Business closed - No assets
Maritime Paint & Wallpaper Ltd.	28,225.79	Bankruptcy
Instant Printing Services Ltd.	26,250.43	Business closed - No assets
Sarsfield Equities Ltd.	25,575.51	Bankruptcy
Crystal Auto Sales Limited	40,746.05	Bankruptcy
East Coast R.V. Sales Ltd.	77,562.70	Bankruptcy
Rosco's Restaurant	41,208.01	Company closed - No assets
Dalcam Music Industries Ltd.	27,996.81	Company closed - No assets
Concept Music Video Ltd.	59,160.43	Receivership
Bridgeside Building Centre Ltd.	98,806.67	Bankruptcy
Ayxiom Construction Products Ltd.	27,032.63	Execution - No assets
Stash O'Neill's Dining Room	28,312.14	Bankruptcy
H & M Computer World	31,878.82	Bankruptcy
Someplace Else Limited Family Dining Room	30,532.95	Company closed - No assets
	$847,905.97	

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount		Reasons
Agriculture	N.S. Agriculture College	303,682	-	Additional funds required to cover increased faculty costs not included in the Estimates for 1989-90.
Attorney General	General Administration	811,100	-	Additional funds required to cover additional salary costs, Data Processing, Other Professional Services re: Marshall Inquiry, Library Services, Crime Compensation Awards, Public Service Award R.A. MacDonald, plus many small items.
Attorney General	General Administration	329,999	-	Additional funds required for Solicitor Services and N.S. Legal Aid.
Community Services	Administration	973,700	-	Additional funds required to cover costs of Renovations to the Dartmouth District Office and to cover retro-active salary increases.
Community Services	Public Assistance	5,864,800	-	Rate increases in Homes for Special Care higher than Estimated. (8.5 instead of 5%) Contribution by private paying residents in Homes for Special Care was overstated, Province absorbed additional costs.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount	Reasons
Education	Curriculum Development	334,557	- Increased salary and wages were not budgeted, increase French programs were initiated which have been fully recovered from the Secretary of State.
Education	Education Resources Services	218,400	- To cover N.S. Museum increased salary costs due to new contracts.
Education	Capital Grants	1,227,800	- Capital Grants - Capital Equipment and Repair. - Capital Grants for Library capital costs.
Education	Grants and Assistance	6,726,126	- Additional funds required to cover increased rates in the January to March 1990 Formula Grants. - Additional funds to cover increases in costs, opening of new French School, increases in French projects and miscellaneous other grants. - To cover increases in APSEA programs. - Miscellaneous overexpenditures at N.S. School Book Bureau.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount		Reasons
Environment	Environment	344,496	-	Additional funds to cover negotiated salary increases between the Government and the NSGEU.
Environment	Capital Grants	717,755	-	Completion of Sewage Abatement Projects at an accelerated rate, therefore additional funds required.
Finance	Sinking Fund Installments	2,313,617	-	Required because recoveries from IEL and the N.S. Power Corporation were less than anticipated and additional funds required in respect to the acquisition of St. Rita's Hospital.
Government Services	Public Works & Special Projects	2,357,000	-	Additional funds required to cover the costs for the renovation of the Art Gallery. Budgetary provision was not made for the Province's portion of costs.
Government Services	Government Services	3,475,470	-	Cyclical increases not included in original authority. Computer Services recoveries less than estimated.
			-	Rental costs higher than expected. Leasehold alterations required by Attorney General for court facilities and Public Prosecutions.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount		Reasons
Health and Fitness	Health Programs	41,060,500	-	Wage and benefit settlements with nurses, technicians and other staff higher than expected.
Health and Fitness	Health Services	985,100	-	Utilization of some services increased greater than the projected rate.
Housing	Subsidies	1,638,719	-	Additional funds required for the Public Housing Subsidies Program.
Industry, Trade & Technology	General Administration	25,144,616	-	Additional funds required to meet additional costs for the Provision for Losses on Loans and Guarantees in the amount of $27,904,644.14. Surplus funds from other budget subjects was $2,760,028.62 and was used to reduce the total.
Lands and Forests	Operations & Land Services	883,500	-	Cyclical salary increases not included in original appropriation plus the employment of native conservation officers.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount		Reasons
Lands and Forests	Administration & Planning	649,000	-	Cyclical salary increases $527,700; additional fire fighting costs due to unseasonably dry conditions, plus increased mileage rate adjustment.
Lands and Forests	Other	1,722,100	-	Additional funds to cover unbudgeted salary costs to civil servants.
Municipal Affairs	Finance & Advisory Services	700,000	-	To provide for the shortfall in emergency funding to municipalities and the increased payment of grants in lieu of taxes as a result of new properties being added.
Municipal Affairs	General	791,500	-	Chargebacks from Government Services for data processing higher than expected.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount		Reasons
Municipal Affairs	Finance & Advisory Services	283,600	-	To provide assistance to the Town of Sydney Mines toward the cost of renovating the new town hall - $300,000 and $100,000 to the Cape Breton County Exhibition related to paving and building expansion.
Public Services	Other	2,000,000	-	Additional funds to cover actual construction cost in excess of preliminary estimate - Upper Clements Theme Park.
Public Service	Workers' Compensation Bd.	750,000	-	Additional funds required for Workers' Compensation Counsellor Program.
Public Service	N.S. Sport & Recreation Comm.	213,700	-	To cover negotiated salary increases at the N.S. Sport & Recreation Commission, and to cover Special Recreation Initiatives.
Public Service	Art Gallery of Nova Scotia	254,800	-	Funds required to cover contract with Honeywell Services, cost of living adjustment for civil servants and expenses connected with relocation.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount		Reasons
Public Service	Legislative Expenses	1,012,145	-	To cover costs of the production of the Revised Statutes, M.L.A. travel costs and over expenditures in the Caucus Offices.
Public Service	Protocol Office	485,815	-	To cover increase costs associated with Official Hospitality and Receptions and to cover increased costs in administration.
Public Service	Royal Commission on Health Care	980,228	-	Costs of the Commission until January 31, 1990 and cost associated with the printing of the final report.
Public Service	Commission of Inquiry Donald J. Marshall, Jr.	599,397	-	The operating cost for the Commission to February 1990.
Small Business Dev.	Small Business Programs	1,970,000	-	To assist with the construction and infrastructure at various industrial parks - $792,200.
			-	Grant of $278,571 to ACA Co-operative Association Ltd. - Larsen Packer Division for October 1, 1988 to March 31, 1989 and a further $900,000 for the period April 1, 1989 to December 31, 1989.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount		Reasons
Small Business Dev.	N.S. Business Cap. Corp.	6,306,700	-	To cover the increase in the Provisions for Doubtful Accounts for 1989-90. Total provision is $8,414,610.17 less net savings in other areas of $2,107,910.17.
Solicitor General	Policing Services	324,200	-	To fund incremental costs incurred during the Dartmouth police strike. This cost plus the regular salary of the RCMP officers working the strike have been billed to Dartmouth.
Solicitor General	General Administration	1,771,700	-	To cover salary increases due to cost of living adjustments, increased salary costs to maintain shift complements for security reasons, and to fund the Exchange of Services Agreement.
Tourism & Culture	Departmental Operations	4,492,300	-	Cyclical salary increases $240,800, Repairs to Bluenose II of $88,300 to cover operating deficit Upper Clements Theme Park - $2,000,000, construction costs at the Gaelic College - $300,000, various developmental grants to cultural organizations $1,775,000.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount		Reasons
Tourism & Culture	Hotel Operations	300,200	-	Cyclical salary increases and additional cost related to operating the Pines Resort Hotel, Keltic Lodge and Liscombe Lodge.
Transportation	Other	14,423,100	-	Exceptionally fine weather allowed contractor to complete more work than anticipated. Some contracts chargeable to the Offshore Development Funds were not completed due to late tender calls. Additional cost from negotiated salary increases.
Transportation	Maintenance, Transport Systems	4,169,700	-	Required due to negotiated salary increases and the need to maintain snow and ice control services at a level consistent with prior years.
Transportation	Maintenance, Transport Systems	4,936,867	-	To provide funding for the costs of maintaining Snow Removal and Ice Control Services at a level consistent with prior years.

Schedule 3

ADDITIONAL APPROPRIATIONS
FISCAL YEAR ENDED MARCH 31, 1990
(In Excess of $200,000)

Department	Vote	Amount	Reasons
Transportation	Other	10,026,713	Work proceeded more quickly than anticipated - Grand Narrows Crossing. Some contract work continued during winter months.
Transportation	General Administration	946,000	To cover the costs of negotiated salary increases and the approval of additional field staff.

SCHEDULE 4

LISTING OF CONSULTANT AND RELATED PAYMENTS BY THE PUBLIC UTILITIES BOARD JANUARY 1, 1989 TO DECEMBER 31, 1990 (in excess of $1,000)

Date	Name	
02-03-89	W.N. Horner & Associates	$ 5,533
02-14-89	Lang Michener	7,000
02-14-89	Concept Design Limited	1,500
02-14-89	Hiltz & Seamone Company	3,590
02-20-89	Doane Raymond	3,300
03-03-89	Burns Fry Limited	20,986
03-06-89	Kalymon Consulting Inc.	38,734
03-17-89	Blois, Nickerson	45,287
04-07-89	Hiltz & Seamone Company	18,011
04-18-89	Ottawa Energy Group Ltd.	2,887
05-04-89	Concept Design Limited	1,500
05-12-89	Ottawa Energy Group Ltd.	2,983
06-21-89	Hiltz & Seamone Company	2,044
10-02-89	Ottawa Energy Group Ltd.	2,775
11-22-89	Doane Raymond	20,000
12-06-89	Doane Raymond	5,000
01-25-90	Ottawa Energy Group Ltd.	1,749
01-25-90	MacWilliams Engineering	4,000
01-25-90	Stewart, Mackeen & Covert	2,048
02-05-90	Ottawa Energy Group Ltd.	2,950
02-05-90	Hiltz & Seamone Company	10,539
03-06-90	Blois, Nickerson	15,975
03-16-90	Ottawa Energy Group Ltd.	5,202
03-16-90	Hiltz & Seamone Company	5,928
04-19-90	Ottawa Energy Group Ltd.	1,258
05-25-90	Ottawa Energy Group Ltd.	4,734
06-13-90	Ottawa Energy Group Ltd.	2,015
07-23-90	Ottawa Energy Group Ltd.	6,648
08-02-90	Hiltz & Seamone Company	3,220
08-16-90	Passmore Associates Intl.	5,370
10-11-90	Ashton Macaulay Group Inc.	1,800
10-11-90	Hiltz & Seamone Company	6,224
10-25-90	Blois, Nickerson	27,250
10-25-90	Blois, Nickerson	2,458
10-29-90	Ottawa Energy Group Ltd.	3,133
11-08-90	Ashton Macaulay Group Inc.	11,496
11-27-90	Ottawa Energy Group Ltd.	2,954
12-04-90	Ashton Macaulay Group Inc.	11,496
12-20-90	Ottawa Energy Group Ltd.	2,060

Nova Scotia

Auditor General

PO Box 793
Halifax, Nova Scotia
B3J 2V2

June 24, 1991

Dr. J. William Gillis, Chairman
and Members
Public Accounts Committee
Province of Nova Scotia
Halifax, N.S.

Dear Dr. Gillis:

At the June 12, 1991 meeting of the Public Accounts Committee, there were requests for certain information. In accordance with these requests I am pleased to enclose 20 copies of the following for the Committee.

Schedule 1 - Details of additional appropriations required for Legislative Expenses.

Schedule 2 - Specific queries concerning additional appropriations.

Schedule 3 - Specific queries concerning Amherst Aerospace Inc.

Also enclosed is the information concerning salaries, travel and staff as provided by the Nova Scotia Board of Public Utilities.

Yours very truly,

O.P. Cormier
Auditor General

OPC/nm

SCHEDULE 1

ADDITIONAL APPROPRIATIONS REQUIRED FOR LEGISLATIVE EXPENSES FOR THE YEAR ENDED MARCH 31, 1990

Revised Statutes	$ 829,660
Additional funds were required to produce the Revised Statutes. No funds were provided for this in the 1989-90 Estimates.	
Travel	388,537
The amount of constituency expenses with receipts that could be claimed by each member of the Legislature was raised from $650 to $1,600 per month. This increase was not reflected in the March 31, 1990 Estimates.	
Government Caucus	58,025
One position was inadvertently omitted from the salary budget $39,171. Actual cost of equipment leases exceeded budget by $22,796. These were offset by sundry credits (unspent budgets) of $3,942.	
Liberal Caucus	88,473
Telephone expenses underbudgeted by $40,105. Salaries in excess of Estimates $41,088. Postage in excess of budget $23,132. These were offset by unspent budgets in other areas of $15,852.	
Labour Caucus	15,915
Telephone exceeded budget by $4,789. Other expense exceeded budget by $11,126 because of the purchase of a photocopier, the cost of which was not in the original budget.	

(Continued)

NDP Caucus	$ 247
Supplies and services overspent by $247.	
Leader of the Opposition	4,098
Equipment expenses in excess of amount budgeted.	
NDP Leader	31,183
Telecommunications exceeded budget by $19,366. Salaries exceeded budget by $14,824. These were offset by sundry credits of $3,007.	
Sub total	$1,416,138
Less unused budgets in other areas	(403,993)
Net Additional Appropriation	$1,012,145

SCHEDULE 2

SPECIFIC QUERIES CONCERNING
ADDITIONAL APPROPRIATIONS
FOR THE YEAR ENDED MARCH 31, 1990

Question Why was the additional appropriation not reviewed and approved by the Legislature Internal Economy Board?

The answer provided to us is that additional appropriations are reviewed and submitted to Management Board by the same persons or persons who approve the original budget. In this case the additional appropriation was reviewed and submitted by the Chairman of the Legislature Internal Economy Board.

In my opinion, there would be better control of expenditures if the budget and additional appropriations for Legislative Expenses were approved by the Board.

Question Why would the additional appropriation not have taken place before September 1990?

The Office of the Speaker waited until they received the final print out of General **Expenditure Detail** from the Department of Finance. In July 1990 they submitted their request for an additional appropriation. On August 2, 1990 the account status was verified by Department of Finance. It was approved by Management Board on August 7, 1990 and by Order in Council on September 18, 1990.

SCHEDULE 3

QUERIES RE AMHERST AEROSPACE INC.
YEAR ENDED MARCH 31, 1990

QUESTION Could you indicate whether the approvals for Amherst Aerospace were Executive Council approvals or whether they went through the Board approval process?

Amherst Aerospace Inc. was a successor company to Enheat Limited. The indebtedness at March 31, 1990 is comprised of a guarantee of $8.75 million and a loan of $1.4 million. There was an allowance for doubtful accounts of $8,350,000. All decisions regarding financial assistance were made by Executive Council based on a review conducted by officials of the Department of Industry, Trade and Technology.

COMMISSIONERS:
J.S. DRURY, Q.C., CHAIRMAN
R.A. ROBERTSON, F.C.A., VICE-CHAIRMAN
J.L. HARRIS, Q.C.
C.J. McMANUS, P.ENG.
ALLAN GREEN, Q.C.
E.L.L. ROWE, P.ENG.
B.M. NICKERSON, Q.C.

CLERK A.B. DEMPSEY

PROVINCE OF NOVA SCOTIA
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES
SUITE 300
1601 LOWER WATER ST.
POSTAL UNIT "M"
P.O. BOX 1692, HALIFAX, N.S.
B3J 3S3

PLEASE ADDRESS ALL COMMUNICATIONS TO THE BOARD

TELEPHONE (902) 424-4448
FACSIMILE (902) 424-3919

June 20, 1991

Mr. Roy Gunn, C.A.
Deputy Auditor General
Office of the Auditor General
1649 Hollis Street
Hollis Building
Halifax, Nova Scotia
B3J 2E2

Dear Mr. Gunn:

Re: Information Requested by Public Accounts Committee

Attached please find the information requested by the Public Accounts Committee during their meeting of June 13, 1991. Should any further information be required, please do not hesitate to call.

Yours very truly,

Paul G. Allen, C.A.,
Board Administrator.

PGA:dmp
Enclosure

PUBLIC UTILITIES BOARD
INFORMATION REQUESTED BY PUBLIC ACCOUNTS COMMITTEE
JUNE, 1991

(1) **Salaries of Commissioners:**

NAME	POSITION	CURRENT ANNUAL SALARY
J. S. Drury	Chairman	$ 85,631
R. A. Robertson	Vice Chairman	81,243
B. M. Nickerson	Commissioner	73,708
A. Green	Commissioner	73,708
C. J. McManus	Commissioner	73,708
J. L. Harris	Commissioner	73,708
E. L. L. Rowe	Commissioner	73,708
		$533,414

(2) **Staff at Public Utilities Board**

Commissioners	7
Staff	9
Total Board	16

Please note that this figure excludes divisional staffs for Motor Carrier, Gasoline & Fuel Oil Licensing and Salvage Yards Licensing.

(3) **Travel Expenses - Commissioners**

Total travel expenses (including hearings) paid by the Board for all Commissioners during the fiscal year ended December 31, 1990.

$19,569.64

Please note that travel expenditures paid through Motor Carrier, Gas and Salvage are disclosed in the public accounts supplement.

Appendix III
-Nova Scotia Liquor Commission

FEMALE/MALE POPULATION - NSLC HIRINGS

JUNE 13, 1990 TO JUNE 28, 1991

	Regular Full Time	Regular Part Time	Casual	Totals
Male	61	21	47	129
Female	29	10	56	95
Totals	90	31	103	224

File # 1095-4

THE NOVA SCOTIA LIQUOR COMMISSION

Operating Cost per Square Foot
Fiscal year ended March 31, 1991
Clyde Street

Store #	120
Name	Clyde Street
Operating cost	$672,217.
Square footage	11,500
Cost per square foot	$58.46

RESEARCH REPORT:

SPRING GARDEN ROAD LIQUOR COMMISSION

MARKET PROFILE

atlantic business consultants

SPRING GARDEN ROAD (P.O.W.)

Lease Commencement:	**May 15/89**
Term:	**2 years**
1st option (2 yrs) exp:	**May 14/93 exercised**
2nd option (5 yrs):	**May 14/98**

RESEARCH REPORT:

SPRING GARDEN ROAD LIQUOR COMMISSION

MARKET PROFILE

Prepared by:

G. Brian Watson
Research Associate

EXECUTIVE SUMMARY

This report examines the proposal to locate a retail liquor outlet on Spring Garden Road, Halifax. A three phase study developed a profile of Spring Garden Road shoppers and the liquor store they will use.

A target market for the new store was identified. They are between the age of 35 to 55, have a university education and have family incomes in excess of $40,000. They work in downtown Halifax and the majority live in the south end of Halifax and the remainder are distributed throughout Metro.

The survey analyzed the buyer behaviour characteristics of Halifax residents who felt that an upscale liquor store was required. Personal service and brand variety was important. They made most of their liquor purchases while doing other shopping. The Clyde street liquor store was used most often.

The Spring Garden Road area is perceived to be an upscale shopping district. This perception was verified by finding what the target markets were of Park Lane, Spring Garden Place, The Lord Nelson Arcade and Mills Brothers. All target some segment of the upscale shopper. Park Lane targets shoppers aged 25 to 35, Spring Garden Place those aged 35 to 65, Mills middle aged females and the Arcade tourists and hotel guests.

Spring Garden Road has the highest pedestrian traffic in the city. The street is also a major vehicle route to the downtown business district. These factors combine to give the shops along Spring Garden access to a steady stream of customers.

Three store concepts were rated by the people interviewed. They preferred a store that provided knowledgeable staff; a high level of personal service; and more imported wines than a standard store.

To make the new store a success it is necessary that the target market is made aware of the new store's attributes. The print media provides good geographical coverage that will communicate the new stores location, product line, and level of service.

Spring Garden Road provides a good setting for an upscale liquor store. Sales are forecasted to be between $1.1 million and $1.9 million annually.

The new store concept will do very well on Spring Garden Road. The Clyde Street store will also benefit. Congestion at the store during peak times will be reduced.

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1.0 INTRODUCTION

This report is the result of a request by Bruce Rogers, Director of Property and Development, at the Nova Scotia Liquor Commission. The subject of this study was the possibility of locating a store in the Spring Garden Road area. This area is dominated by a large new mall, Park Lane, and several stores that carry upscale merchandise that appeals to members of the Halifax community with a high level of disposable income.

In the area there are a number of large high rise residential and business buildings. The city's Hospitals are within walking distance. And two large hotels are located in the area. A Nova Scotia Liquor Commission store, on Clyde Street, presently serves the area. A wide range of customers use the outlet from students to business people to high income residents to some of Halifax's low income population.

2.0 OBJECTIVES

1. To forecast the sales of retail alcoholic beverages from an outlet located on Spring Garden Road.

2. To locate and profile the potential customers of the Liquor Store in order to effectively meet their needs.

3. To determine what types of products should be carried at the Spring Garden Store location.

4. To provide background information so a promotional campaign can be developed that will target the potential customers of the store.

3.0 METHODOLOGY

Atlantic Business Consultants developed the following approach for the Spring Garden Road location. The market research involved three phases. Phase 1 developed a profile of who frequents the area. Phase 2 involved a sample of similar people. Phase 3 estimated total demand for the store.

Phase 1

An on-site survey was conducted at the Clyde Street Liquor store near Spring Garden Road. The survey was administered Thursday, December 15th and Saturday, December 17th.

The objective of this survey was to locate the areas in which the visitors to Spring Garden Road, live. Additional questions were asked concerning why they are in the area, how often they come to the area, whether or not they purchase liquor in the area and how often.

One hundred completed surveys were used to develop a profile of people in the Spring Garden Road Area that was utilized in Phase 2.

Phase 2

A telephone survey was administered to residents of areas mentioned frequently in the profile developed in Phase 1. This Phase was necessary to accurately project sales for the store. If the data was used from the interviews in phase 1, frequency bias would have been introduced into the survey. Frequency bias is the tendency for people who frequent an area the most to have a greater chance of being selected, thus over estimating the use of the area by the general population. Therefore, the nearest neighbor approach was used. This approach assumes that people who live in the same neighborhood have the same characteristics in terms of income, family size, taste and other demographics.

A simple random sample was drawn from Metro Halifax to verify the results of the nearest neighbour approach. It also allowed for the comparison of southend residents to Metro Halifax residents.

In total two hundred and fifty questionaires were administered during the second week of January. One hundred and seven were completed in the south end and one hundred and fourty two were done in all of Metro Halifax.

Phase 3

The areas the survey was drawn from, in phase 2, was divided into groups that fall within census tracts as defined by Statistics Canada in the 1986 census. Data from this source can provide a detailed demographic picture of the target market. It also allows for verification of the survey, in phase 2. In other words, is the survey representative of the population as presented in the 1986 census.

4.0 PROFILE OF SPRING GARDEN ROAD LIQUOR STORE CUSTOMER

A profile of Spring Garden Road was developed by looking at demographic and buyer behaviour characteristics of south end Halifax residents and Metro Halifax residents. Those who felt that an upscale store was required on Spring Garden Road were compared with those who felt it was not required. The results are shown in Exhibit 1. The most important findings are discussed below.

Demographics of residents who felt a Spring Garden Road store was require (The target market):

* Between the age of 35 to 55; 55% of south end residents.
* Family income is in excess of $40,000/year; 79% for south end residents; 56% for Metro Halifax residents.
* Work in white collar jobs, mainly professionals, managers, teachers and health professionals.
* South end residents are evenly split between Males and females.
* Metro Halifax residents have a greater percentage of males (64%)

EXHIBIT 1

PROFILE OF SPRING GARDEN ROAD CUSTOMER

Demographic and Buyer Behaviour Factor		South end N = 107 Yes	South end N = 107 No	Metro N = 142 Yes	Metro N = 142 No
Age - % 35 to 55	(1)	55%	34%*	29%	27%
Income - % over $40,000		79%	73%	56%	42%*
Family size - 2 or smaller		64%	74%*	85%	71%
Work in Area (2)		51%	26%*	38%	33%*
Type of work - Professional		60%	34%*	35%	33%
Home Location - South End		43%	47%	21%	29%*
Frequency of Purchase (1/month)		58%	48%	21%	35%*
Products Purchased:					
Imported Wine		57%	56%	38%	33%
Imported Beer		9%	8%	3%	6%
Other Premium Products		16%	10%	6%	2%
Make purchase at Clyde St.		66%	62%	26%	19%
Buy more than $50 per month		36%	39%*	41%	50%
Sex - Male		51%	50%	62%	54%
Purchase Liquor Combined with:					
Something Else		64%	52%*	50%	51%
Work		13%	6%	15%	4%
Shopping		47%	40%	29%	35%
High Rating of Store Concepts:					
Medium size store		47%	32%	51%	62%
Small premium store		24%	18%	34%	25%
High Rating of Store Factor:					
Close to work		20%	16%	29%	19%
High level personal service		22%	24%	62%	33%*
High brand variety		42%	52%	74%	52%*
Larger store size		33%	24%	46%	25%*
Long hours		29%	34%*	71%	56%

(1) % of people who feel an upscale liquor store is required on Spring Garden Road who are between the age of 35 to 55.

(2) Spring Garden Rd., Barrington St., and Other Downtown St.

* Significant difference to 90% confidence interval.

The people interviewed who felt a new upscale liquor store was required on Spring Garden Road have different buying behavoir than people who felt a store wasn't required. The following is a list of the major findings for the people who felt the store was required.

Buyer Behaviour Characteristics of the Target Market:

* Tend to make most liquor purchases at the Clyde Street liquor store.
* South end residents make a larger percentage (64%) of liquor purchases with other activities. Shopping (47%) was the main "other" activity.
* South end residents rated the medium and small sized premium liquor store concepts higher.
* Metro residents tend to make 2 to 3 purchases per month. South end residents make only 1 purchase per month (54%).
* Both south end and Metro residents tend to make purchases of less than $50 per month.
* Metro residents feel that a high level of personal service is important (63%). South end residents see high levels of service as a given.
* Brand variety is very important to Metro residents (74%)
* Metro residents feel a large store size is important (46%) and that the liquor store should be open long hours.

* There is no difference in the types of products purchased in the south end and Metro in terms of imported wine, imported beer, or other premium products. South end residents purchase less beer.
* South end and Metro residents tend to purchase liquor more while going to and from work.

The phase 1 on-site survey also identified groups of customers who might frequent the new upscale store.

Summary of findings from Phase 1 questionnaire:

* 47% of Clyde St. customers live in the south end of Halifax.
* Customers of the Clyde St. liquor commission work in the area. 40% work on Spring Garden Road, Barrington St., or some other downtown street.
* 39% have professional, managerial, or health related jobs. Of these individuals 44% have been to the Port of Wine store in the last 6 months compared to 32% for all Clyde St. customers.
* Wine is purchased by 24% of customers and 77% was imported.
* 44% of customers were between the age of 30 to 50 and 71% were male.

The majority of the findings in the phase 2 survey are presented in Exhibit 1. Additional findings are shown below.

Summary of additional findings of Phase 2 questionnaire:

* South end residents purchase a greater percentage of imported wine and beer.
* Halifax Metro residents rated the standard store concept higher then south end residents.
* 42% of all south end residents felt an upscale liquor store was required on Spring Garden Road, compared to 25% of Metro residents.

We have identified the south end of Halifax as the location where the majority of the individuals in the target market live. Exhibit 2 compares certain demographic characteristics of the south end residents with statistics from Metro Halifax. Map 1 shows the 7 areas that, for this study, represent the south end of Halifax.

Conclusions from comparison:

* The south end has a smaller % of individuals aged 35 to 55 (23%) than Metro (34%).
* A higher percentage of south end residents (26%) have white collar jobs.
* Family incomes with an average of $59,773 are 50% higher than the average for Metro Halifax.
* Education level is higher in the south end. 39% of adult south end residents have a university education. 16% of Halifax adults have a university education.
* A smaller percentage of south end residents live in single family homes. More live in condos, apartments, or in high priced single family homes that have average values 73% above that of Metro.

EXHIBIT 2

PROFILE OF SOUTH END RESIDENTS

AREAS	Number of Adults	Age 35 to 55	Family Income	Professional Job*
Point Pleasant Park.(1)	2085	680	$72,188	520
Queen South Morris.(2)	3005	485	$30,195	640
Robie Inglis South Queen.(3)	3540	695	$38,035	945
South Robie.(4)	1315	485	$103,837	475
Jubilee South Robie.(5)	2815	820	$69,211	775
Robie South Park Brunswick.(6)	1585	255	$52,524	315
South Park Sackville Morris.(7)	1495	300	$34,064	395
South End Total	15,840	3,720	$59,773	4,065
Metro Hfx	213,700	72,197	$39,725	11,690
South End as Percentage of Metro Hfx	7.4%	5.15%	150%	35%
As a % of Adults:				
South End	100%	23%	-	26%
Metro Hfx	100%	34%	-	5.5%

Source: Statistics Canada, Census of Canada (1986)

EXHIBIT 2

PROFILE OF SOUTH END RESIDENTS
Continued...

AREAS	University Education	Own Home	Value Housing
Point Pleasant Park.(1).....	1000	410	$209,773
Queen South Morris.(2).....	805	30	$128,995
Robie Inglis South Queen.(3).....	1295	135	$144,014
South Robie.(4).....	755	405	$235,864
Jubilee South Robie.(5).....	1300	525	$177,288
Robie South Park Brunswick.(6).....	500	70	$116,107
South Park Sackville Morris.(7).....	560	35	$146,827
South End Total.....	6,215	1,610	$158,319
Metro Hfx.....	33,255	43,440	$91,584
South End as Percentage of Metro Hfx.....	16%	3.5%	173%
As a % of Adults:			
South End.....	39%	10%	-
Metro Hfx.....	16%	20%	-

Source: Statistics Canada, Census of Canada (1986)

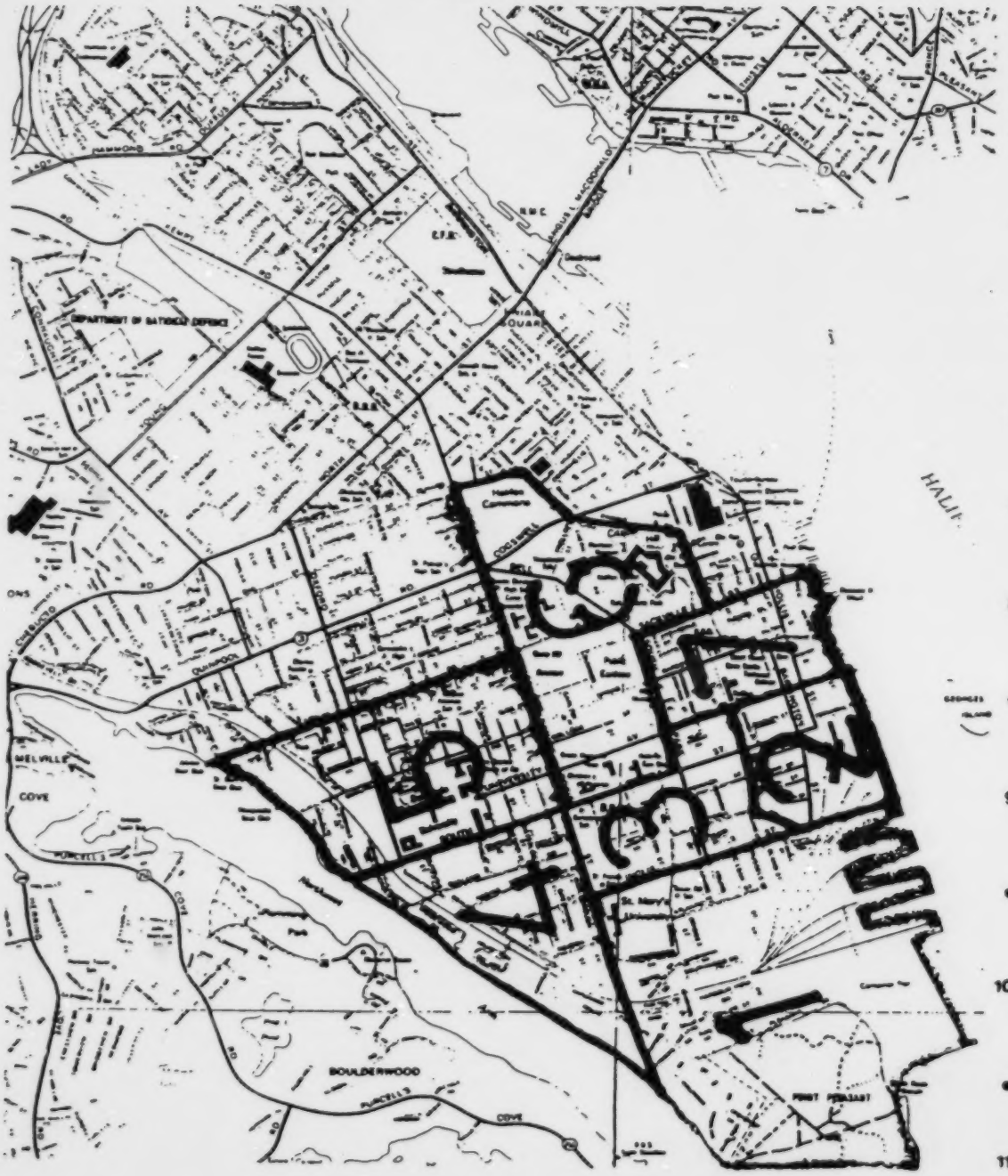
NOTES FOR EXHIBIT 2.

* Includes: Managerial, administrative and related, teaching and related, and occupations in health and medicine.

Note: Areas numbered 1 through 7 are labeled on Map 1.

MAP 1

SOUTH END HALIFAX CENSUS AREAS



Source: Statistics Canada, Census of Canada 1986

5.0 ANALYSIS OF SPRING GARDEN ROAD MERCHANTS

PARK LANE:

Park Lane is a new shopping centre, opened in the fall of 1988, located on Spring Garden Road. Presently there are 42 shops that includes 9 food/service/broad appeal stores, 22 medium priced stores and 11 upscale stores. See Exhibit 3. Park Lane is targeted at individuals in the 25 to 35 year old bracket. High disposable income and fashion consciousness are typical of its customers. Many of the shops in the mall have relatively expensive goods.

The target market was discussed with John Coffin at Park Lane. Although no formal study was performed he feels the mall appeals to a city wide audience that tend to be professionals from upper income classes. The 8 cinemas located in Park Lane generate a lot of traffic, mostly the movie going crowd, aged 18 to 24.

When compared to Spring Garden Place Mr. Coffin felt that Park Lane was bigger, and more impressive in decor. Park Lane had better access to its shops, better lighting and was more functional as a location for an upscale mall. Retail space is available in several locations in the mall.

A large percentage of liquor commission customers purchase liquor while going to or from work. Having a liquor commission located near office space would allow for these purchases. Park Lane has considerable office space available. Presently, however, there are no anchor tenants for the space.

SPRING GARDEN PLACE:

Spring Garden Place, located on Spring Garden Road, has been open for several years and has been successful marketing it's retail space to attract the upscale market. Presently, there are 23 shops that includes 6 food/service/broad appeal stores, 8 medium priced stores and 9 upscale stores. See Exhibit 3.

Spring Garden Place is targeted at the carriage trade. Most shops are boutiques and appeal to the 35 to 65 year old, upper income individuals. The majority of the customers of Spring Garden Place live in the south end of Halifax.

From discussions with George Edwards, Spring Garden Place was compared to Park Lane. Park Lane has a cold open atmosphere that is not as friendly as Spring Garden Place. He felt that the rents were more reasonable and sales per square foot (on average approx. $600 per square foot) were higher than Park Lane. He felt Park Lane appealed more to a younger crowd than Spring Garden Place. Park Lane has had a positive effect on sales which have increased 18 to 19 % since Park Lane opened. Spring Garden Place has been able to maintain a high level of return clientele.

Presently all existing retail space is full. However, Spring Garden Place is expanding with a phase two development. An additional 30,000 sq. feet of retail space will be added that will continue the boutique feel. Indoor parking will be available for 320 cars. Sixty residential condominiums will be available that will be targeted at empty nesters and young professionals. Office space will be available. The Bank of N.S. will be leasing

5000 sq. feet and the remainder will be available for small legal, and medical practices. Commercial condominiums at street level will be available. They offer the benefit of substituting leasing expenses with mortgage payments which will be better for long term clients. Construction has started on phase 2 and projected completion is for the summer to fall 1990.

MILLS BROTHERS:

Mills appeals to ladies over the age of 40. They tend to be empty nesters or retired individuals. Many of Mill's customers work and live in the area. They drop in to Mills during lunch hour or after work. On the weekend the store is frequented more by people from the suburbs or out of down.

LORD NELSON ARCADE:

The Arcade is located inside the Lord Nelson Hotel and contains Lawton's Drugs, Birks, a Gift Shop and Icelandic Woolens. See Exhibit 3. The largest percentage of the Arcade's business comes from tourist traffic. The Arcade is connected to the hotel and many guests browse in the shops. The summer is the busiest season. Tour buses stop 2 to 4 times a day during the summer in front of the Public Gardens.

No formal market research had been done for the Arcade. The stores in the Arcade attract a wide cross section of the public. Lawton's appeals to the low end and Birks appeals to an upscale customer.

EXHIBIT 3

BUSINESSES LOCATED ON SPRING GARDEN ROAD

Retail Business	Customers		
	Wide # Users	Mid Scale	Up Scale
Shops (General):			
Le Chateau		X	
D.J.'s Tannery			X
Beacon Hill Footwear			X
Her Shoes			X
Mahons Stationary	X		
Teasers Ladies Wear			X
Mills Brothers			X
Winsbys Shoes			X
Atlantic Photo Supply		X	
Maritime Frame-It		X	
Quigley Paint & Wallpaper		X	
Jennifers of Nova Scotia		X	
Value-Fair Health & Beauty Aids	X		
European Shoe Store			X
Icelandic Woolens, Yarns		X	
Birks Jewelers			X
Restaurants (General):			
A&W Restaurant	X		
Garden View Restaurant		X	
Lord Nelson Victory Lounge	X		
Pepe's Restaurant			X
Greek Donair	X		
Atlantic Submarine	X		
Dairy Queen	X		
Harveys	X		
Swiss Chalet		X	
Banks:			
Royal Bank (Queen)	X		
Imperial Bank of Commerce	X		
Scotia Bank	X		
Royal Bank (South Park)	X		
Service, etc:			
Nova Scotia Liquor Commission (Clyde St.)	X		
Campbells Esso Service Station	X		
Lawton's Drug Store	X		
Rose Bowl Candy Shop		X	
Totals	15	9	9

BUSINESSES LOCATED ON SPRING GARDEN ROAD
Continued...

Retail Business	Customers Wide # Users	Mid Scale	Up Scale
Spring Garden Place Shopping Centre:			
Kettle Creek Canvas Company.....			X
Life Styles Ladies Wear.....		X	
The Wardrobe Too.....			X
Esponage.....			X
The Shoe Inn.....			X
Touch of Gold.....			X
Sir Andrew's Mens Wear.....			X
Lady Deanna Shop.....			X
The Body Shop.....		X	
A Step Up.....	X		
Satchels Luggage.....			X
Tabi International.....		X	
Frog Hollow Books.....		X	
Ryan Duffy & Rainbow Grill.....		X	
Estetica.....	X		
Braddock Optical.....		X	
Rye & Pickle.....	X		
Spring Garden Bakery & Cafe.....	X		
Ted's Place.....	X		
Irises Florist.....			X
Slotts Gourmet Seafood.....		X	
Pastrimini Caterers.....		X	
Deluxe Dry Cleaners.....	X		
Total	6	8	9

BUSINESSES LOCATED ON SPRING GARDEN ROAD
Continued...

Retail Business	Customers Wide # Users	Mid Scale	Up Scale
Park Lane:			
Atomic City		X	
Au Coton			X
Basix		X	
Bennetton			X
California Republic		X	
City Streets		X	
Classique Life Style		X	
Club Monaco			X
Cotton Ginny		X	
Esprit c'est la Vie		X	
Freestyle Fashion		X	
Irving Samuel			X
La Creme Boutique		X	
Madame Angelo			X
Ports International		X	
Rapport		X	
Rodier			X
Rodneys			X
Stefanel			X
Atlantic Optical		X	
Heritage Pewter		X	
The Bombay Co			X
Fancy That		X	
La Maison Blue		X	
Wicker Emporium		X	
The Greenery		X	
Signor Angelo			X
Park Lane Cinema	X		
Sam the Record Man	X		
Micro Electronic		X	
Paper Chase		X	
W.H. Smith		X	
A & W	X		
Moviola Cafe	X		
Panda	X		
Seafood Corner	X		
The Silver Spoon			X
The Taco Maker	X		
Cookies by George	X		
Gourmet Express		X	
Saint Cinnamon Bake Shoppe		X	
Zacks Famous Frozen Yogurt	X		
Total	9	22	11

6.0 PEDESTRIAN AND TRAFFIC FLOW

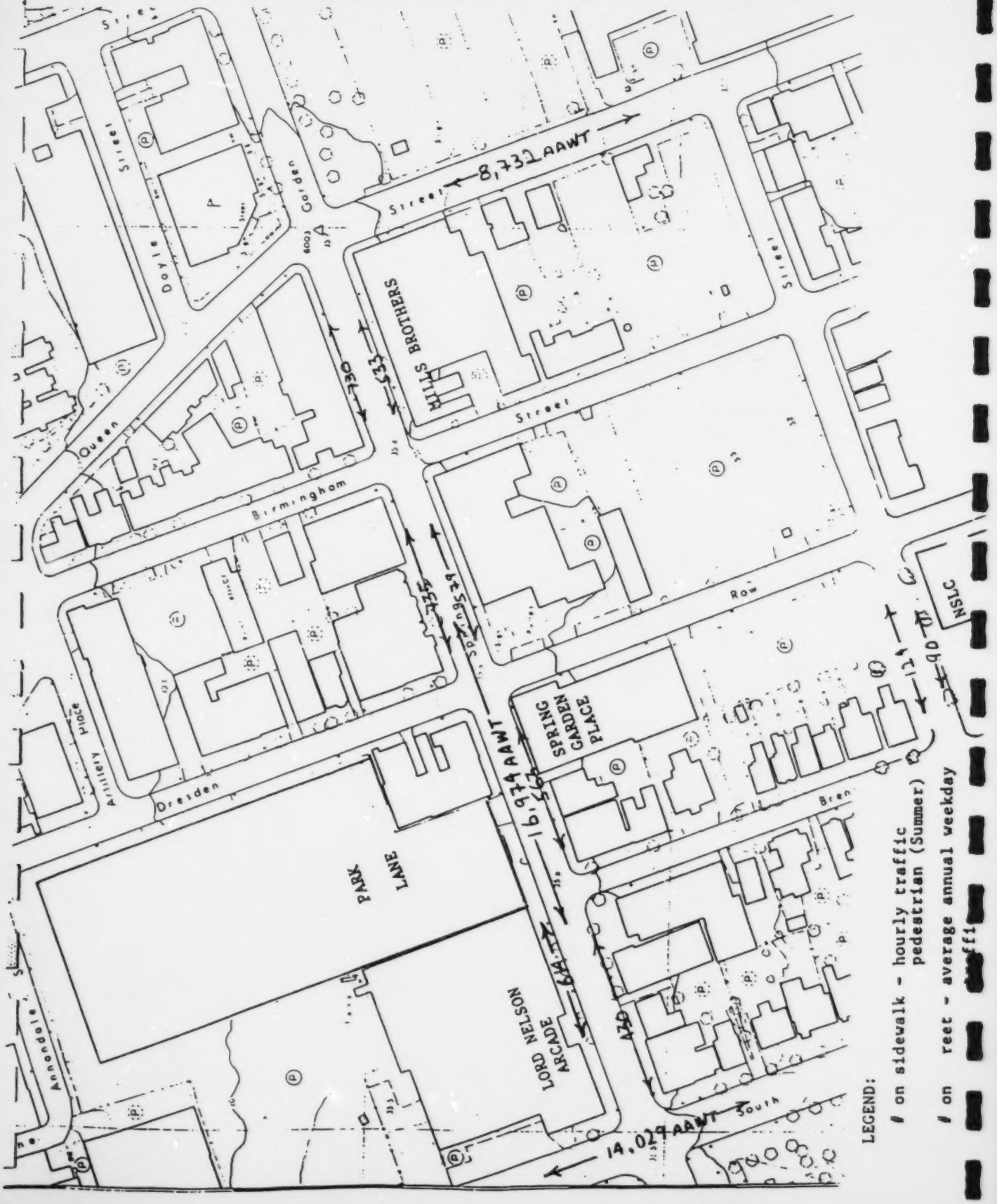
The Spring Garden Road area is frequented by a large amount of pedestrian and vehicle traffic. See Map 2. The Development and Planning Department of the City of Halifax completed a Downtown Pedestrian Study in the summer of 1987. The study showed that Spring Garden Road area is part of the major Pedestrian path that extends from the public gardens, along Spring Garden Road, down Barrington Street to the historic properties. This path had average hourly counts between 500 and 750 pedestrians in the summer of 1987. The report stated that Spring Garden Road has the highest pedestrian counts in the city.

Traffic is higher on the north side, the Park Lane side, due to increased exposure to sunlight on that side. The long established retail stores on the street have held their popularity and, since 1981, the completion of Spring Garden Place has added to the attraction of the street.

The basic characteristics of the street that were acknowledged to contribute to its attraction to pedestrians in 1981 - its continuous retail frontage, greater width, relative levelness, exposure to sunlight - are still the major sources of its success.

Spring Garden Road is part of a major artery to the downtown core of the city. The street is in the top 20, in Halifax, in average annual weekday traffic. See Map 2.

MAP 2 PEDESTRIAN AND TRAFFIC FLOW ON SPRING GARDEN ROAD



7.0 DESCRIPTION OF SPRING GARDEN ROAD STORE

To determine what the Spring Garden Road store should look like several questions were asked in the phase 2 survey. The questions first asked respondents to rate various factors about a liquor store. The factors included: how close the store was to their work, the level of personal service expected or wanted, the brand variety required, the size of the store, and the hours opened.

Three store concepts were developed that had different combinations of the above factors. They can be classified into: 1. A standard liquor store. 2. A medium priced and sized liquor store. 3. A small sized premium store. The target market, identified in previous sections, was asked to rate each concept. A large percentage (47%) rated the medium size store highly.

A description of the proposed store is:

A medium store size that offers a self-serve approach with some guidance and advice from the staff. The products will include imported beer, domestic and imported wine, and medium to premium priced liquor brands of liquor.

The attributes the store should have are: Knowledgeable staff who offer a higher level of personal service than is offered in the existing stores. A high brand variety with products not usually available at regular stores. Hours of operation should be the same as present liquor outlets.

Additional questions were asked to determine what brands or types of beer, wine and spirits the new store should stock. The respondents felt that more imported brands of beer and wine, with emphasis placed on English, German, and U.S. beer, and more imported wine from Europe and the U.S. were required. Several respondents felt that the new store should stock imported scotches and have a greater variety of liqueurs.

The target market is not willing to give up the Canadian brands of beer and wine they are now sold in the liquor stores. Space considerations of the new store would limit the sale of high square footage, high volume products such as local beer brands. However, customers that still want local beer would still be able to purchase it at the Clyde St. liquor store. The percentage of the target market customers who just purchase local beer is small when compared to imported wine or other liquor products.

Spring Garden Road has several areas where the store could be located. See Map 2. These include Park Lane, Spring Garden Place, the Lord Nelson Arcade, and other locations along the street.

8.0 PROMOTION

The Nova Scotia liquor Commission is not involved in large scale advertising for its present liquor outlets. The new store on Spring Garden Road represents a new concept. That of an upscale liquor store that is targeted at a specific target market. The target market needs to be made aware of the new store. Advertising should be used to communicate the new store's location, product line and level of service to the target market.

This section tries to show what form of media should be used to target customers that would use the new Spring Garden Road liquor store. Atlantic Business Consultants conducted a short survey between September and October at Spring Garden Place. The majority (79%) of the people surveyed lived in Metro Halifax. The south end of Halifax made up the largest segment with 50% of those interviewed. Approximately 53% were in the 40 to 55 year range and 47% had household incomes in excess of $40,000. The educational background of those interviewed were generally post secondary (85%). This is substantially higher than Statistic Canada's findings (1986 Census) where 58% had post secondary education. This suggests that Spring Garden Place customers have above average educational levels.

The Spring Garden Place patrons were asked what radio stations and newspapers they used frequently. The Mail Star (59%) was their main newspaper. The Chronical Herald (38%), community newspapers (27%) and the Daily News (23%) were the other newspapers read by the respondents.

The three major radio stations listened to by respondents were: CBC AM (65%), C100 (47%) and other radio stations (26%).

The choice of which type of media to use was determined from an analysis of Exhibit 4. Several factors affect the media type selection. What message needs to be communicated?. What will people do when they see/read the ad? Where is the target market located? How long is the ad to be run? The answers to these questions provide an indication of what type of media to use. The media that best supports the opening of a liquor store on Spring Garden Road is newspapers and magazines.

For the magazine advertising, two types will be used to target the various groups. Cities Magazine's target audience is the upper-middle income earner in the Halifax-Dartmouth area. While, Atlantic Insight, a news magazine, with a circulation of about 6,000 in Halifax-Dartmouth, also hits reaches the target market. Atlantic Insight's readers are well educated and earn above average incomes. Managerial and professional people make up a large percentage (24%) of readers. Home ownership is high (82%).

Two newspapers could also be used. The Chronical-Herald and the Mail Star have a large circulation in the Halifax area. It is estimated that 80% of the population 35 to 49 read the paper on an average weekday. This includes 62% of professionals, and over 75% of people in management positions. Approximately 70% of households with incomes over $40,000, read the paper. Finally, over 80% of individuals who have graduated from university read

the Chronical Herald and the Mail Star.

To target the south end of Halifax the Southender, a community newspaper sent direct mail to 16,500 commercial and residential dwellings could be used. The geographic area covered by the paper includes all of Halifax peninsula south of Quinpool and Cogswell streets. As well, the circulation of 16,500 has an estimated readership of 35,000. It is possible to obtain inexpensive advertisement by using space used regularly by the Spring Garden Place Merchants Association.

EXHIBIT 4

ADVERTISING MEDIA APPROPRIATENESS TABLE

Criteria (Weigh)	T.V.		RADIO		NEWS-PAPER		BILL BOARD		MAG-ZINE	
Reach (2).....	5	(10)	2	(04)	3	(06)	1	(02)	2	(04)
Visual (2).....	5	(10)	N/A		1	(02)	4	(08)	4	(16)
Capitalizes on previous Advertising & Corporate Image (2).....	2	(04)	1	(02)	2	(04)	2	(04)	2	(04)
Direct Response(3).....	1	(03)	1	(03)	2	(03)	1	(03)	2	(06)
Indirect Response (3)....	3	(09)	3	(09)	3	(09)	3	(09)	4	(12)
Hits Target Audience (5).....	3	(15)	3	(15)	4	(20)	1	(05)	3	(15)
Avoids Waste (4).	1	(04)	3	(12)	3	(12)	1	(04)	2	(08)
Longevity of Ad (2).....	1	(02)	1	(02)	2	(04)	4	(08)	3	(06)
Geographic Selectivity (4)..	1	(04)	3	(12)	3	(12)	4	(16)	3	(12)
TOTAL APPROPRIATENESS	58		56		72		55		72	

Criteria Weigh	Ranking of Vehicle against Criteria
1 - N/A	1 - Poor
2 - Low Importance	2 - Fair
3 - Important	3 - Good
4 - High Importance	4 - Very Good
5 - Extremely Important	5 - Excellent

9.0 FORECAST OF SALES FOR NEW STORE

To forecast sales for an upscale liquor store, located on Spring Garden Road three different methodologies were used.

1. Data obtained in the on-site phase 1 survey, the percentage of customers who live in the South end and the percentage who have been to another specialty store; in this case the Port of Wine Store in Historic Properties, is multiplied by the 1986 sales at the Clyde Street liquor Commission. This will provide an estimate of sales.

Formula 1

Sales at Clyde St. (Annual Report)	X	% who live in South end (Phase 1)	X	% who have been to a Specialty Store (Phase 1)

= Estimated Sales At Spring Garden Road Store

$7.2 million	X	47%	X	32%	=	$1.08 million

2. Phase 2 data can also be used to forecast sales. The forecast assumes that people who said that an upscale store is required will also use the store. To allow for this assumption the sales figures are corrected by the percentage who now use the Clyde St. store.

Formula 2

# of Adults in South end (1986 Census)	X	% who Drink (Decima Study)	X	Average Monthly Purchase (Phase 2)	X	12 months

X	% who felt new store required (Phase 2)	X	% who use Clyde Street (Phase 2)	=	Estimated Sales At Spring Garden Road Store

15,840 X 83% X $44 X 12 X 42% X 66%

= $1.92 million

3. The following formula assumes that the target market, south end males and females aged 35 to 55, is successfully reached and they heavily use the new location.

Formula 3

# of South end Residents Aged 35 to 55 (1986 Census)	X	% who drink (Decima Study)	X	Average Monthly Purchase (Phase 2)	X	12 Months

=	Estimated Sales At Spring Garden Road Store

3720 X 83% X $44 X 12 = $1.63 million

The sales of the new Spring Garden Road store are forecasted to be in the range of $1.1 million to $1.9 million. This level of sales is in line with the $850,000 in annual sales generated at the Port of Wine Store, a similar concept unscale store, in Historic Properties.

The higher pedestrian traffic on Spring Garden Road and the larger variety of products available at the store should allow the new store to have sales in the $1 to $2 million range.

Examination of the sales data of the Spring Garden Road Christmas store should give additional information to aid in the accurate forecast of sales for a new store.

It is unlikely that the new store will generate new sales for the Nova Scotia Liquor Commission. Most products requested by the target market are already available at other liquor stores in the city. The new store will transfer sales from the Clyde St. store to the new store. The atmostphere of the Spring Garden Road store and the higher level of personal service will attract members of the target market to use the new store instead of the sometimes overcrowded, Clyde St. Store.

10.0 SUMMARY AND CONCLUSIONS

1. The target market of the upscale liquor store on Spring Garden Road can be identified by the following demographic description. They are between the age of 35 to 55, have university education, and family income in excess of $40,000. They work in downtown Halifax and the majority live in the south end of Halifax and the remainder are distributed throughout metro.

2. The target market possesses certain buyer behaviour characteristics. They make their present liquor purchases at Clyde Street. Most make liquor purchases when doing other shopping. Personal service and brand variety is important. Purchasing behaviour, however, does not different significantly from the public. Both groups buy approximately the same proportion of imported beer, wine and liquor.

3. The Spring Garden Road area is made up of two malls, Park Lane and Spring Garden Place. Park Lane is targeted at upscale, fashion conscious individuals aged 25 to 35. They have retail space available. Spring Garden Place is targeted at upscale professionals between the age of 35 to 65. They presently have no retail space available, but new construction will have retail space available by late 1990. The customers of Spring Garden Place match the target market of the proposed liquor store.

4. There are other stores on the street. Mills Brothers targets upper income middle aged females. The bulk of its customers live in the south end of Halifax. Finally, the Lord Nelson Arcade relies heavily on tourist traffic and targets a wide range of customers.

5. Spring Garden Road has the highest pedestrian traffic in the city. The street is also a major vehicle route to the downtown business district of Halifax.

6. The proposed new store should have the following attributes to appeal to the target market: Knowledgeable staff and a high level of personal service; more imported wines than a standard store; and due to space considerations, a limited selection of domestic beer.

7. To reach the target market and to communicate to the residents of south end Halifax, the print media will be used. Cities Magazine, Atlantic Insight, the Chronical Herald/Mail Star and the Southender all effectively reach the target market both in the south end and those dispersed in Metro.

8. Three methods were used to forecast sales. A range was established of between $1.1 million and $1.9 million in sales per year. The store will generate little in new (marginal) sales for the Nova Scotia Liquor Commission.

APPENDIX A

APPENDIX A

SPRING GARDEN ROAD QUESTIONNAIRE

Sex of Respondent: Male 71%
Female 28%

Approx. Age of Respondent: -30 47%
30-50 44%
50+ 9%

Excuse me, could you spare a moment to answer a few quick questions?

The questions concern liquor, beer and wine purchases.

1a. Approximately how much did you spend today on your purchase?
Average amount spent on today's purchase = $27.40

1b. How much do you usually spend per visit?
Average amount usually spent per visit = $17.40

1c. How many times have you visited a liquor store in the past month?
Average times per month visit liquor store - 4.2 times.

2. What did you purchase today?
34% Beer...Was it imported?
Yes 9%
No 91%
36% Liquor
24% Wine...Was it imported?
Yes 77%
No 23%
6% Other

4. Have you been to the Port of Wine store in Historic Properties in the last 6 months?
Yes 32%
No 68%

5a. Where is your place of residence?

South end Halifax..	47%	Downtown Halifax.....	2%
North end Halifax..	7%	Westend (on Peninsula).	8%
Spryfield.....	3%	Bedford.....	1%
Sackville.....	3%	Downtown Dartmouth.....	2%
Dartmouth Suburb...	1%	Fairview.....	0%
Clayton Park to Wedgewood Park.	3%		
Other.....	16%		

5b. What is the location of your work?

Spring Garden Road.....	15%	Barrington St.....	1%
Other Downtown St.....	24%	Northend Halifax....	3%
Westend (on Penninsula).	9%	Downtown Dartmouth..	0%
Other.....	44%		

5c. What type of work do you do?

Professional, managerial and health professions.....	39%
Students.....	19%
Other (Service, labour, clerical).	41%

THANK YOU FOR HELPING US

APPENDIX B

APPENDIX B

SPRING GARDEN ROAD QUESTIONNAIRE

Hi, can I please speak to _____

Hello, my name is ____ from Atlantic Business Consultants. We are employed by the Nova Scotia Liquor Commission to conduct a short survey in the Halifax - Dartmouth area regarding purchases at the Liquor Commission. We would like to ask you a few questions if we may?

YES [] Q1 NO [] Thank you for your time.

IF THEY DRINK AND CONTINUE WITH SURVEY. 1 []
IF THEY DON'T DRINK DO NOT CONTINUE. 2 []

All questions refer to liquor, wine, and beer purchased for consumption at home.

1. At what store do you normally purchase your liquor, wine or beer in the last year? CIRCLE APPROPRIATE CODE NUMBER

	#1*	#2**		#1	#2
Agricola St.	7%	7%	Bedford Place	0%	2%
Bayers Rd.	5%	5%	Dart. Bridge Plaza.	0%	9%
Clyde St.	59%	15%	Dart. Canal St.	0%	7%
Halifax Shopping Centre.	12%	13%	Dart. Westphal.	0%	7%
Hollis St.	12%	1%	Other.	3%	20%
Historic Properties.	0%	0%			
Scotia Square.	1%	1%			
Spryfield.	0%	9%			
Strawberry Hill.	1%	4%			

2. In an average month, how many times do you purchase liquor, wine or beer?

Times per month	#1	#2
	2.1	2.8

*note: #1 - 107 interviews were administered to residents of the south end of Halifax. They were selected using the nearest neighbour approach.

**note:#2 - A survey selected by using a simple random sample was administered to 142 households in Metro Halifax.

3. About how much does your household spend on liquor, wine or beer in an average month?

#1	#2	
$44	$48	per month

4. On a typical trip to the liquor store, what types of products do you purchase? CIRCLE CODE NUMBER

#1	#2			#1	#2
60%	70%	Beer...Was it imported?	Yes	14%	7%
			No	85%	91%
64%	51%	Liquor...What type?			
		List:		#1	#2
		Rum		29%	39%
		Vodka		3%	8%
		Gin		3%	4%
		Rye		8%	21%
		Scotch		18%	7%
		All Types		35%	18%
76%	62%	Wine...Was it imported?	Yes	75%	48%
			No	24%	50%
11%	7%	Other...What type?			
		Coolers		27%	46%
		Liqueur		27%	31%
		Other		40%	8%

5. When you purchase liquor, wine, or beer, is it usually a separate trip or combined with another trip? CIRCLE #

#1	#2	
33%	45%	Separate
60%	49%	Combined - What is the trip combined with?
15%	13%	on the way to and from work
1%	6%	while on a break from work
67%	66%	when you do other shopping
7%	4%	other

6. I'd like you to tell me how important each of the following is when buying products at the Liquor Store. On a scale of 1 to 10, where 1 is "not important at all" and 10 is "extremely important" what number would you give for...READ LIST, ROTATE ORDER, "X" ONE ASKED FIRST, WRITE NUMBER FROM 1 TO 10.

ROTATE		RATING 1 TO 10	
		#1	#2
[]	How close it is to your place of work	4.1	3.7
[]	A high level of personal service or advice	5.2	5.8
[]	a high amount of brand variety	6.4	6.6
[]	a large size retail store	5.0	5.0
[]	long hours that they are opened	6.1	6.3

7. Now, I will be describing three different liquor store designs. I would like you to rate each one on a scale of 1 to 10, where 1 is "least desirable to 10 being "most desireable". READ LIST, ROTATE ORDER, "X" ONE ASKED FIRST, WRITE NUMBER FROM 1 TO 10.

Design # []
A large store size that offers a complete self-serve approach with little or no guidance or advise from the staff. The products are mostly domestic beer and wine with limited selection of imported goods. The brands of liquor tend to fall in the low price range.

	#1	#2
From 1 to 10, how would you rate this?	4.4	5.1

Design # []
A medium store size that offers a self-serve approach with some guidance and advice from the staff. The products will include imported beer, domestic and imported wine, and medium to premium priced liquor brands of liquor.

	#1	#2
From 1 to 10, how would you rate this?	6.7	7.0

Design # []
A small store size that offers complete staff assistance and guidance. The products will include imported beer and wine, and premium priced liquor products.

	#1	#2
From 1 to 10, how would you rate this?	5.2	5.3

8a. Do you think a liquor store that provides imported beer, domestic and imported wine, and medium to premium priced brands of liquor is required in the Spring Garden Road area?

#1	#2	
42%	25%	Yes IF YES, GO TO QUESTION 8b.
47%	37%	No
10%	38%	No opinion

8b. What specific brands of beer would you like to see in this Spring Garden Road outlet?
List:
English beer
All Canadian brands
German beer
Same as other outlets
Mexican
Imported
Lowenbraw
U.S. beer
Australian
Dutch
Danish
Chinese
Caribbean
A wide variety
Don't care

And also, what specific brands of wine would you like to see at this outlet?
List:
Canadian
Nova Scotian
Imported
More variety imported
More red wine
Portuguese Wine
German
French
U.S.- Californian
Italian
Good selection
South American
Spanish
Australian
Don't care

And finally, what specific brands of liquor would you like to see at this outlet?
List:
Imported Scotch
More of a variety of liqueurs
Same as other outlets
Specialty beer
Real Russian Vodka
A good Scotch
Imported gin

9. What is the location of your work? CIRCLE CODE NUMBER.

	#1	#2		#1	#2
Spring Garden Road.....	13%	5%	Barrington St.....	6%	9%
Other Downtown St.....	13%	14%	Northend Halifax....	6%	10%
Westend (on peninsula)..	9%	5%	Downtown Dartmouth..	2%	2%
Other.....	51%	56%			

10. What type of work do you do?

List:	#1	#2
Professional/Managerial.....	44%	28%
Clerical.....	14%	23%
Service.....	0%	7%
Technical.....	4%	7%
Sales.....	5%	6%
Armed Forces.....	0%	2%
Student.....	2%	3%
Housewife.....	8%	5%
Retired.....	18%	16%
Unemployed.....	5%	6%

11. Including yourself, how many adults aged 19 or over live in your household?

	#1	#2
Number of adults	2.1	2.1

12. In which of the following age groups are you in? READ LIST CIRCLE ONE

	#1	#2		#1	#2
Under 25 years.....	5%	11%	46 to 55 years.....	25%	11%
26 to 35 years.....	55%	28%	Over 55 years.....	41%	48%
36 to 45 years.....	17%	21%			

13. And finally, just for tabulation purposes, which of the following best describes your family's total annual income, before taxes? READ LIST, CIRCLE ONE

	#1	#2
Under $20,000.....	7%	8%
Between $20,000 to $30,000...	8%	23%
Between $30,000 to $40,000...	10%	22%
Over $40,000.....	74%	47%

EMPLOYMENT EQUITY
August, 1991

Women	326
Blacks	14
Indian	1
Other Visible Minority	0
Handicapped	3

CORPORATE STRATEGIC PLAN

CORPORATE GOAL: 5.0 To adequately hire, train and develop staff to meet corporate goals and objectives and the objectives of a good corporate citizen.

DIVISIONAL OBJECTIVE: 5.8 To ensure that the composition of the NSLC workforce is consistent with the composition of th population in the areas served by the NSLC.

	PLANS IN SUPPORT OF OBJECTIVES	RESPONSIBILITY	TARGET DATE START	TARGET DATE COMPLETION
1	To conduct survey of composition of NSLC workforce.	Director - H.R.	Jun. 24/91	Oct. 91 COMPLETE
2	To compare composition of NSLC workforce to most recent Census data	Director - H.R.	Oct. 91	Nov. 91 extended to Mar. 92
3	To identify minority groups by region.	Director - H.R.	Nov. 91	Dec. 91 extended to Feb. 92
4	To establish contact with minority groups in each area served.	Director - H.R. Director - Store Oper.	Jan. 92	Mar. 92 extended to Apr. 92
5	To implement a referral process for minority groups to ensure full consideration.	Director - H.R. Director - Store Oper.	Feb. 92	Aug. 92
6				
7				

Revised: March 6, 1992

ACTIVITIES TO COMPLETION

PROGRAM: EMPLOYMENT EQUITY **Ref. # HR-5.8**

ACTIVITIES	TIME FROM APPROVAL	PERFORMING DIVISION	TARGET DATE	DATE COMPLETED	COST BUDGET	COST ACTUAL
				complete		
Integration of Sensitivity Awareness into Hiring						
Module for all Managers		Dir.-H/R	Mar. 31/92			
Formation of Race Relations Committee		Staffing Off.	Jan. 31/92			
New application form		Staffing Off.	Feb. 15/92			
Acquisition of Census Data		Staffing Off.	Mar. 8/92			
Comparison between Census & NSLC data		Reg Mgrs	Feb. 15/92			
Identification of minority groups by region		Reg Mgrs	Apr. /92			
Establish contact with Minority groups in each area		Staffing Off.	May./92			
Implementation of referral process for minority groups hiring.		Staffing Off.	May./92			
Evaluation of program						
					$0	
TOTALS TO COMPLETION:						

STATUS REPORT (MONTHLY)

Completed by responsible Director.
All cost overruns or missed completion dates to be explained.

DATE	COMMENTS
FEB 20/92	ACTIVITIES 1 AND 2 DEFERRED TO FEBRUARY 28/92

SECTION 8: STAFFING POLICY

8.01 POLICY

1) All appointments to NSLC positions shall be made based on merit. All vacant positions will be filled by the most qualified candidate whenever possible. In recruiting, selecting and hiring candidates for positions, the principles of merit and fairness will be maintained.

2) Every person seeking employment with the NSLC shall receive equal treatment without discrimination because of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, age, marital status, family status or handicap.

3) Selection will be based on information supplied by applicants, the results of any technical, professional, or physical tests that may be required to assess qualifications, interviews and reference checks.

8.02 RESPONSIBILITIES

1. The Commission will establish and amend policy with respect to staffing.

2. The Executive Committee will:

   1) review the staffing program and related procedures from time to ensure the continued effectiveness and efficiency of the program;

4 (k) We shall develop our programs and policies to enhance the commitment to an employment equity policy which treats all employees and job applications without prejudice and discrimination on any grounds.

NSLC Etc...

Get moooving Henry
Oh deer Macky
Scott pens second book
Lieutenant Greek honoured
T shirt sales successful
What's that smell?
Brian Flowers makes the grade
Off the butts and affirmative action

Scott Smith (Property Managacment) recently came out with his second book on P.E.I. architecture. *Historic Houses of Prince Edward Island* joins *Historic Churches of Prince Edward Island* issued a few years back. Congratulations Scott!

******

Henry Walsh (Regional Manager) was a little slow in getting a new lawn mower for our Canso store this summer. No problem, the store staff gave Henry a little hint by putting a special notice on their bulletin board. **Bob Rossong** is shown on the way to pin the notice up. It reads *"Wanted - 1 cow to eat grass at the NSLC, Canso. For more information, contact Henry Walsh, New Glasgow."* Rumour has it that Henry "moooved" a little quicker on getting the store a lawn mower.

******

Mike MacNamara (Manager - Halifax Shopping Centre) decided to do his bit for conservation this year. He went hunting but he forgot his gun! By the time he went back home and returned to the woods, his bright red face would have alerted any game in the area.

******

Richard Greek (Manager Purchasing) was recently featured in the local Bridgewater newspaper. Lieutenant Greek is a 24 year honorary member of the Conquerall Bank Fire Department. Richard is very active in fund raising and is an eight year member of the department's Board of Directors. Thanks to **Richard Silver** (Bridgewater) for cluing us into this article.

******

Air quality is still a very big issue throughout the NSLC. **Murray MacDonald** (Human Resources) reported in October that seven proposals are being looked at and a recommendation will be made October 18 on the air quality at Head Office/Warehouse. The successful company will find out how healthy our internal environment truly is and where necessary, recommend changes.

Murray also reported that "weathered gasoline" has been found to be the cause of the poor air quality at our Ashby and Ashby Licensee locations. Currently, our consultants are doing extensive testing in search of the source of contamination. Until this matter is properly rectified, Ashby and Ashby Licensee will remain closed.

******

Ivan Blades (Rockingham Ridge) is shown above selling a Piping Plover T-Shirt to a customer. Sales of these shirts were high this summer, proving we can make an environment statement and look good while doing so! Merchandising Services is looking at the possibility of future environmental related items being sold in all stores

Congratulations to **Brian Flowers** (Supplies and Stationery) for recently completing a Kodak Photocopier sponsored course - *"Customer Maintenance Training Program."* Brian now can fix some problems with our Kodak photocopier which in the past required a serviceman.

******

Anita McKarney (Health and Wellness) reports that congratulations are in order for **Gerry Buffett** and **Robert Snow** from Sydney who both quit smoking a year ago. Robert purchased a video camera with what he didn't pay out for cigarettes. Nice going folks!!

******

The NSLC has adopted an Employment Equity policy to ensure that the composition of our work force is consistent with the population of areas served by our services. **Amery Boyer** (Director-Human Resources) reports that as of October, the level of women employees at the Commission was improving but we need to concentrate on hiring more minorities and handicapped persons. A working committee is being set up to discuss affirmative action and if you would like to become involved contact Amery at 450-5819.

******

...and so wraps up another month of NSLC tidbits. ★

THE NOVA SCOTIA LIQUOR COMMISSION

Staffing Levels
Fiscal year ended March 31, 1991

Regular Employees	
Stores Regular	521
Head Office/Warehouse	188
Totals	709
Casuals	
Stores	281
Head Office	20
Grand Totals	1010

Appendix IV
-Upper Clements Theme Park

UPPER CLEMENTS PARK

OPERATIONS STATEMENT

YEAR	REVENUE	EXPENSES	LOSS
1989	$3,166,085	$6,128,141	($2,962,056)
1990*	$1,637,895	$3,587,686	($1,949,791)
YEAR TO DATE 1991 (July 3)	$ 194,347		
ATTENDANCE TO JUNE 16, 1991	39,286		

*unaudited

UPPER CLEMENTS PARK OPERATIONS

Upper Clements Park must be operated as a business, with a close eye on the bottom line. We must review each expenditure and implement all cost cutting measures that are possible. With this in mind, the following are measures that have been taken to increase revenues and cut costs.

1. **Food Services**

   Food Services has been contracted out to Edwards Fine Food Ltd., of Armdale.

2. **Entertainment**

   The entertainment component has been contracted out to The Original Cast Theatre Company Co-op. of Annapolis Royal.

3. **Crafts**

   The craft component of the Park has been privatized.

4. **Buildings & Grounds**

   The landscaping component of the Buildings & Grounds Department has been contracted out to Lasting Impressions of Grand Pre.

5. **Attractions**

   The Attractions have been contracted out to The Original Cast Theatre Company Co-op of Annapolis Royal.

6. **Security, Cleaning and Refuse Removal**

   The operations of the Security, Cleaning and Refuse Removal element have been contracted to Security Plus of Deep Brook.

7. **Retail**

   The Retail operations of the Park have been contracted to Edwards Fine Food Ltd. of Armdale.

.....2

8. **Rides**

Two new rides have been added to the Park this season - the Rock-O-Plane and Bumper Cars and the Carousel has been replaced with a newer one. The addition of new rides serves as added attractions to entice visitors to the Park.

9. **School Day Program**

The School Day Program was extended to two days this season and proved to be very popular. Students were admitted at a reduced fee and a special lunch was available to them for just $2.99. Telephone calls have already been received inquiring as to plans for 1992.

10. **Signage**

Informational signage for each building in the Park has been developed. Inpark directional signage has been developed and inpark signage for flowers and shrubs are being developed. Four permanent maps in the Park have been developed: "You Are Here" and "Special Events".

11. **U-FISH, PONY RIDES, FARM MARKET**

The above are three new privately operated attractions in the Park this season and are proving to be very popular with the visitors.

12. **Video Arcade**

This popular attraction is operated by the Park new this year.

13. **MISCELLANEOUS OPERATION CHANGES COMPLETED OR IN PROGRESS**

-installed toll free telephone line which allows potential guests to contact us easily.

-extended hours of operation to 7:00 p.m. as per public demand.

-instituted 'pay as you play' for rides and attractions in place of pay one price at the gate.

-disposed of Park vehicles and rented truck for six months, thus saving on maintenance costs.

Appendix V

-Business Capital Corporation

AND

-Small Business Development Corporation

Nova Scotia

Business Capital Corporation

World Trade and
Convention Centre
1800 Argyle Street, Box 519
Halifax, Nova Scotia
Canada B3J 2R7

902 424-6488
Fax 902 424-6823

July 8, 1991

Mr. William Gillis
Chairman
Public Accounts Committee
House of Assembly
Province of Nova Scotia
Halifax, Nova Scotia

Dear Mr. Gillis:

I enclose the following information, as requested by the Committee during the NSBCC appearance on June 26, 1991.

1. List of NSBCC accounts by County as of March 31, 1991 and the financial assistance authorized.

2. List of Industrial Expansion Fund accounts by County as of March 31, 1991 and the financial assistance authorized.

3. Westray Coal Mine (Mr. MacLean Page 677)

   The following financial assistance was provided:

Loan	$12,000,000
Interest Rate	11.75 percent per annum
Repayment:	Four equal consecutive annual instalments of $3,000,000 each

   Interest payments commenced in September, 1990 and are up to date as of June 30, 1991.

.../2

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Principal repayments commence the earlier of -

(a) 24 months from the date at which the mine has produced for a period of ninety days at an annual rate of nine hundred and seventy five thousand tons of coal per year, or -

(b) December 31, 1992.

Clarification/Additional Information

A review of Hansard (Page 673) indicates Mr. MacLean asked the following question:

"How many loans have been approved directly by Cabinet that were either not recommended or did not go to your loan agency?"

The answer given was five. These were loans that did not go through the loan agency.

In addition there were two approvals where the B.C.C. and the company could not come to agreement and subsequently were authorized by Cabinet. They are:

Highland Shipping Ltd.	-	Cumberland
Pharmaglobe Manufacturing Ltd.	-	Hants

I trust this is the information requested.

Yours sincerely,

N.S. MacNeil
President and C.E.O.

NSM/bmw
Enclosure

NOVA SCOTIA BUSINESS CAPITAL CORPORATION
LIST OF ACCOUNTS
as at MARCH 31, 1991

CLIENT NAME	COUNTY	FINANCIAL ASSISTANCE AUTHORIZED
--NOVA SCOTIA BUSINESS CAPITAL CORPORATION--		
ATLANTIC DEFENCE IND	ANNAPOLIS	5,750,000
CAPE BRETON MOLD	CAPE BRETON	4,500,000
INTERNAV LIMITED	CAPE BRETON	60,000
RUDDERHAM, JW	CAPE BRETON	1,500,000
CANADA CEMENT LEFARGE	COLCHESTER	5,200,000
CROSSLEY CARPETS	COLCHESTER	13,768,700
HOME HARDWARE LTD	COLCHESTER	4,617,600
INLAND RE-REFINING LTD	COLCHESTER	400,000
KERR CONTROLS	COLCHESTER	297,000
KOHLER INTERNATIONAL	COLCHESTER	160,000
MENMAC MANUFACTURING	COLCHESTER	1,147,400
QUALITY CONTAINERS	COLCHESTER	920,720
STEEL SPAN	COLCHESTER	293,145
CENTRAL CASTINGS	CUMBERLAND	265,000
FARROWS METAL WORKS	CUMBERLAND	350,000
GENERAL EASTERN HOMES	CUMBERLAND	460,000
LEAF CONFECTIONS	CUMBERLAND	5,479,900
OXFORD FROZEN FOODS	CUMBERLAND	5,552,920
PARRSBORO METALWORKERS	CUMBERLAND	275,000
ROPAK CAN AM	CUMBERLAND	155,000
SEAGULL PEWTER	CUMBERLAND	2,000,000
SURRETTE BATTERY CO	CUMBERLAND	731,000
WANDLYN INN	CUMBERLAND	2,415,000
N.S.CLAM CO	GUYSBOROUGE	1,900,000
CLEARWATER LOBSTERS	HALIFAX	3,250,000
COXHEATH GOLD HOLDINGS	HALIFAX	600,000
DAY NITE NEON SIGNS	HALIFAX	15,000
HELLY HANSEN CANADA	HALIFAX	195,000
HERMES	HALIFAX	3,954,480
INP GROUP	HALIFAX	380,465
M & M MANUFACTURING	HALIFAX	9,480,500
ROYAL PRINT & PACKAGING	HALIFAX	630,000
SABROE (CANADA) IND REFRIG	HALIFAX	600,000
SIVACO MARITIMES	HALIFAX	735,000
SHEDWOOD	HALIFAX	5,300,000
LEDWIDGE LUMBER	HANTS	260,000
LAURIES MOTEL	INVERNESS	647,430

NOVA SCOTIA BUSINESS CAPITAL CORPORATION
LIST OF ACCOUNTS
as at MARCH 31, 1991

CLIENT NAME	COUNTY	FINANCIAL ASSISTANCE AUTHORIZED
--NOVA SCOTIA BUSINESS CAPITAL CORPORATION, CONT'D--		
ARMSTRONG, OH	KINGS	1,000,000
COBI FOODS	KINGS	1,443,415
CROWN FIBRE TUBE	KINGS	325,000
EASTERN PROTEIN	KINGS	4,000,000
OLD ORCHARD INN	KINGS	248,990
ABCO HOLDINGS	LUNENBURG	167,000
CHESTER PLASTICS(1975)	LUNENBURG	239,000
NOVA WOODCRAFT LIMITED	LUNENBURG	140,000
PRINT KEY	LUNENBURG	550,000
MICHELIN TIRES	PICTOU	3,192,000
ODESSEY CB	RICHMOND	2,000,000
NOVEX MINING	RICHMOND	342,725
SHELBURNE MARINE LIMITED	SHELBURNE	600,000
TRI-STAR INDUSTRIES	YARMOUTH	2,942,000

Note: Financial Assistance include Loans, Guarantees, Performance Guarantees, Shares and Leased Properties.

NOVA SCOTIA BUSINESS CAPITAL CORPORATION
LIST OF ACCOUNTS
as at MARCH 31, 1991

CLIENT NAME	COUNTY	FINANCIAL ASSISTANCE AUTHORIZED
--INDUSTRIAL EXPANSION FUND--		
ANNAPOLIS INDUSTRIES	ANNAPOLIS	520,000
MINERAL WATER	ANNAPOLIS	1,385,400
ALDER POINT FISHERIES	CAPE BRETON	488,380
GOOD PEOPLE SEA & SHORE	CAPE BRETON	1,064,100
HIGHLAND FISHERIES LIMITED	CAPE BRETON	730,000
N.S. PROVINCIAL EXHIBITION	COLCHESTER	250,000
AMHERST AEROSPACE	CUMBERLAND	11,000,000
HIGHLAND SHIPPING	CUMBERLAND	800,000
CASEY FISHERIES LIMITED	DIGBY	250,000
COMEAU SEAFOODS	DIGBY	1,405,000
CONNORS BROTHERS LIMITED	DIGBY	800,000
ISLAND FRESH SEAFOODS	DIGBY	792,000
THERIAULT, AF AND SON LTD	DIGBY	605,120
GASCO MANUFACTURING	GUYSBOROUGH	5,000,000
SEAFREEZ FOODS INC	GUYSBOROUGH	18,208,172
AUTOPORT LIMITED	HALIFAX	1,077,544
BAKERS POINT FISHERIES LTD	HALIFAX	355,000
BEDFORD WATERFRONT DEVELOPMENT	HALIFAX	12,500,000
CHECK INNS LTD	HALIFAX	82,000
C.N.C. FINANCIAL LIMITED	HALIFAX	600,000
DOMINION BIOLOGICALS	HALIFAX	1,000,000
FISH BASKET, THE	HALIFAX	150,000
FOSSIL POWER SYSTEMS INC	HALIFAX	50,000
HALIFAX WATERFRONT DEVELOPMENT	HALIFAX	10,000,000
HALIFAX-DARTMOUTH IND	HALIFAX	47,600,000
NATIONAL SEA PRODUCTS LTD	HALIFAX	24,582,750
N.S. CREDIT UNION STA FUND	HALIFAX	3,000,000
PUBLIC SERVICE COMMISSION	HALIFAX	10,848,806
U.M. SHIPPING (CANADA) LTD	HALIFAX	240,000
AIRPORT HOTEL HALIFAX	HANTS	330,000
PHARMAGLOBE MFG	HANTS	350,000
CAUSEVIEW MOTOR INNS	INVERNESS	726,000
CHETICAMP FISH CO-OP LTD	INVERNESS	471,500
INVERNESS PLAYGROUND & REC	INVERNESS	30,000
LAURENCE ,FLETCHER &GORDON	INVERNESS	220,520
LARSENS	KINGS	8,000,000
SCOTIAN GOLD CO-OPERATIVE	KINGS	6,695,826
MICHELIN TIRE (CANADA) LTD	KINGS/LUNENBURG	48,200,000

NOVA SCOTIA BUSINESS CAPITAL CORPORATION
LIST OF ACCOUNTS
as at MARCH 31, 1991

CLIENT NAME	COUNTY	FINANCIAL ASSISTANCE AUTHORIZED
--INDUSTRIAL EXPANSION FUND, CONT'D--		
ATLANTIC BRIDGE CO LTD	LUNENBURG	4,353,602
FISHERY PRODUCTS INTERNATIONAL	NFLD	1,543,950
N.S. FISHERIES EXHIBITION	LUNENBURG	15,000
MARINE RAILWAY FACILITIES	PICTOU	547,500
PICTOU INDUSTRIES LIMITED	PICTOU	1,790,735
WESTRAY COAL INC	PICTOU	12,000,000
PRINCE OF FUNDY CRUISES	YARMOUTH	27,559,340
YARMOUTH INNS LIMITED	YARMOUTE	751,000

Note: Financial Assistance include Loans, Guarantees, Performance Guarantees, Shares and Leased Properties.

Nova Scotia

Department of Small Business Development

Small Business
Development Corporation

5th Floor
Joseph Howe Building
1690 Hollis Street
Halifax, Nova Scotia
Canada B3J 3J9

902 424-4920
Fax 902 424-8683

Our file no.

July 30, 1991

Ms. Dianne Stillman, Clerk
The Legislature Committees Office
1740 Granville Street - 3rd floor
Halifax, Nova Scotia,
B3J 2X1

Dear Ms. ~~Stillman~~ Dianne:

During my appearance at the Public Accounts Committee on June 26, 1991, I was requested to follow up with a written response to the following:

1. Status of Halifax Water Tours account (i.e. Halifax Harbour Services Limited) and whether or not the loan was made on the recommendation of staff.

2. List of companies in Northside Industrial Park, North Sydney that are clients and/or administered loans of SBDC.

3. Status of James Publications Limited and whether or not the loan was made on the recommendation of staff.

4. List of accounts approved by SBDC during the past fiscal year for amounts $100,000 and over.

Please find attached the information relating to the foregoing.

Yours truly,

Doug Giannou
Executive Director
DG/jm

Att:

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Halifax Harbour Services Limited
Halifax

Loan Amount:	$100,000
Approval Date:	May 3, 1991
Approved By:	Central Regional Board of Small Business Development Corporation following an assessment and recommendation by staff of SBDC.
Purpose of Loan:	To finance the cost of repairs and upgrading as part of a major refit to the company's vessel, MV Haligonian 111.
Principals:	Bernadette McInnis (50% owner) Jane Dexter (50% owner)
Status of Loan:	Account is presently in good standing. Loan has only recently been disbursed and repayment schedule has not yet commenced.
Background:	The predecessor (Halifax Water Tours Limited) of this well established company received a 20 year term loan of $90,000 in 1971 from the Province of Nova Scotia under the Industrial Loan Act for the purpose of constructing and equipping a new sightseeing tour vessel (MV Haligonian). That loan was always in good standing and was retired in full as scheduled in 1990.

List of companies in Northside Industrial Park, North Sydney that are clients and/or administered loans of Small Business Development Corporation.

NAME OF COMPANY	AMOUNT OF ASSISTANCE
Scotia Twines Limited	$787,150
Cape Breton Chemicals Limited	(to be provided by Business Capital Corporation in their response to Public Accounts Committee)

James Publications Limited
Dartmouth

Loan Amount:	$50,000
Approval Date:	October 15, 1986
Approved By:	Board Committee of Small Business Development Corporation following an assessment and recommendation by staff of SBDC.
Purpose of Loan:	To provide working capital in order to assist in funding operations pending receipt of funds from a new limited partnership offering.
Principals:	Neville Gilfoy (50% owner) James Gourlay (50% owner)
Status of Loan:	The loan is fully in arrears and the present outstanding balances are:

Principal	$42,377
Interest	$10,443

Background:

This company was established in 1984 to publish a magazine (Eastern Woods & Waters) directly aimed at Atlantic Canadian and to a lesser extent U.S. Eastern Seaboard, outdoor enthusiasts. The initial response was encouraging and both Departments of Tourism in Nova Scotia and New Brunswick acknowledged the publication as a valuable marketing tool.

In 1986, in order to raise needed capital, the company arranged the sale of limited partnerships through Pat King Securities. At the same time the SBDC loan was approved and it was intended to be retired in full from the proceeds of the limited partnership issue. However, a substantial shortfall, in this sale issue resulted in insufficient proceeds to repay the SBDC loan. Moreover, a subsequent venture capital investment also was less than anticipated and fell short of the amount required to retire the SBDC loan.

At the present time, the principals of the Company are attempting to restructure the company's financial position and to obtain sufficient equity financing that would include repayment of the SBDC loan. SBDC has been patient in the past with respect to recovery of its advances in view of the high risk, developmental nature of the loan, ongoing efforts of the principals to raise new equity and the acknowledged support for the local publishing industry.

LOANS/GUARANTEES $100,000 AND OVER
FOR THE PAST FISCAL YEAR
(i.e. April 1, 1990 to March 31, 1991)
FOR BOTH SMALL BUSINESS DEVELOPMENT CORPORATION
AND INDUSTRIAL LOAN FUND

SMALL BUSINESS DEVELOPMENT FUND

Name of Company	Location (By County)	Authorized Amount ($)
Amherst Bowl-O-Rama Ltd.	Cumberland County	125,000
Atlantic Arch Rib Co. Ltd.	Hants County	105,000
Atlantic Coated Wire Ltd.	Sheburne County	109,000
Atlantic Radiator Ltd.	Hants County	100,000
Baddeck Forks Golf & Recreation Ltd.	Inverness County	126,000
Breton Distributors Ltd.	Cape Breton County	100,000
C H M Manufacturing Ltd.	Annapolis County	100,000
Cape John Seafoods Ltd.	Pictou County	100,000
Chester Plastics (1975) Ltd.	Lunenburg County	175,000
Cheticamp Fish Co-operative Ltd. (Restructure existing $255,000 loans)	Inverness County	---
Crisis Simulations Ltd.	Halifax County	100,000
Dauphinee Inn (Prop. Rhys & Kim Harnish)	Halifax County	150,000
Delta Heat Pumps	Cumberland County	100,000
Dominion Paperboard Products	Kings County	300,000
Farrow's Metal Works	Cumberland County	525,000
Fibrex Incorporated	Colchester County	125,000
Halifax Business Academy Ltd.	Halifax County	200,000
Harold B. Legge Transport Ltd.	Kings County	200,000
I.M.O. Foods Limited	Yarmouth County	603,800
John N. Steele's Sons Ltd.	Cape Breton County	170,000
Just For Kicks - The Soccer Shop Limited	Halifax County	135,000
Ken-O-Mee Log Homes Ltd.	Colchester County	150,000
King/Nova Concrete Contracting Ltd.	Halifax County	325,000
Kings Produce Limited	Kings County	228,000
Kingston Lumber and Building Supplies Limited	Kings County	250,000
Merlin Fish Farms Ltd.	Cumberland County	100,000
Metocean Data Systems Ltd.	Halifax County	250,000

SMALL BUSINESS DEVELOPMENT FUND (cont'd)

Name of Company	Location (By County)	Authorized Amount ($)
Motel Gisele Limited	Inverness County	184,000
Nova Ski Ltd.	Hants County	525,000
Points Lodge, The	Halifax County	250,000
Quality Cleaners Limited	Pictou County	160,000
R.P. Hawboldt's Machine Shop Ltd.	Colchester County	130,000
S. Brown's Cresting Experts Ltd.	Cape Breton County	138,000
Salmonid Propogation Associates Co-operative Limited	Richmond County	100,000
Sans Souci Seafoods Ltd. (Renewal of prior B.C.C. guarantee for $1,000,000)	Yarmouth County	---
Scotia Twines Ltd.	Halifax & Cape Breton Counties	450,000
Smith Development Group Ltd., The	Halifax County	225,000
Sommex Maritimes Limited	Pictou County	100,000
Star Products Incorporated	Inverness County	400,000
Tibbetts Paints Limited	Pictou County	121,000
Truefoam Limited	Halifax County	500,000
Willem & Majella Van Den Hoek	Colchester County	150,000
Victoria Bridge Housekeepers	Cape Breton County	100,000
White Point Holdings Limited	Queens County	200,000

INDUSTRIAL LOAN FUND

Ocean Fresh Sea Products	Yarmouth County	1,680,000

Appendix VI
-Teachers' Pension Commission

Possible Actions to Reduce Unfunded Liability

1. Removal of disability provisions from pension plan - replacement with a separate disability insurance program.

   Reduction in unfunded liability - $52 million

   (it is assumed that government and teachers would continue to make equal contributions to the replacement program.)

2. Integration with Canada Pension Plan at age 60 rather than 65. In addition to an immediate reduction in the unfunded liability of $22 million, there could be an addition reduction of $18.2 million if the portion of current contributions attributable to this benefit were to continue to be made for 25 years.

3. Payment of indexing at some level less than Consumer Price Index (the lesser of CPI and 6% is the maximum paid). For every 1% below CPI the immediate saving would be $91.4 million. If contribution rates were continued at current levels, as with #2 above, the additional reduction over 25 years would be $58.2 million.

4. Increased contributions. For every 1% increase in contributions from both government and teachers for 25 years, there would be a reduction of $119.1 million.

Notes

(1) The figures given above are based on the 1988 valuation adjusted for the salary freeze.

(2) It must be emphasized that the above is simply a list of things which could be done; possible actions identified for discussion purposes. The Commission has not recommended any specific action(s) to government and teachers.

Appendix VII
-Department of Education

Nova Scotia

Department of Education

Deputy Minister

PO Box 578
Halifax Nova Scotia
B3J 2S9

Ms. Dianne M. Stillman
Clerk of the Legislature Committees
Legislature Committees Office
P. O. Box 2630, Station "M"
Halifax, N.S.
B3J 3N5

Dear Ms. Stillman

As you will recall, during the September 11, 1991 meeting of the Committee on Public Accounts, we agreed to provide the Committee with additional information. I am enclosing the following:

1. The Terms of Reference of the Pension Consultant will be forwarded as soon as these have been completed. rec'd March 12/92

2. A statement which compares estimated expenditures by district school boards in 1992-93 and projected funding is attached as Appendix I. Note that the 2% growth in Department of Education grants combined with a 2% increase in municipal contribution is projected to cover the cost of increments and license changes as well as a 5% increase in non-salaries costs.

3. Appendix 2 reports new school projects approved during the last two years. Projections of approvals for the next few years are not available at this time.

4. Appendix 3 reports the schools which have been closed between January, 1988 and the present time.

5. With regard to the question of specific plans or guideline the department is working to address, the "problem" of the drop out rate in high schools, I have attached a statement which summarizes the department's activities (see appendix 4 attached).

6. Appendix 5 attached reports private trade schools in Nova Scotia and the numbers of students who have received student loan approvals to attend the schools.

7. Appendix 6 reports on applications for approvals of school construction projects on a constituency basis including date of submission of application. This report contains information on all applications on file with the Department of Education at the current time.

8. With regard to the question related to the whole issue of taxing powers for school boards, I am enclosing part of a recent report which deals with taxing powers for district school boards and related financial matters.

I believe these documents cover all the issues on which I agreed to provide information. Please advise if further information is required.

Yours very truly,

Armand F. Pinard

Enclosures

TERMS OF REFERENCE

RE: STUDY OF UNFUNDED LIABILITY - TEACHERS' PENSION FUND

(1) There is to be appointed, by agreement between the Nova Scotia Government and the Nova Scotia Teachers Union, a person whose mandate will be to assist in resolving the Unfunded Liability of the Teachers' Pension Fund.

(2) In view of the significance of the issues, the person should be an appropriately qualified person from outside Nova Scotia.

(3) The person to be appointed is to be acceptable to both Government and the Union.

(4) The person is to endeavour to affect an agreement by the parties as to how the Unfunded Liability problem of the Teachers' Pension Fund is to be resolved, and in the event an agreement is not possible the person is to furnish a report, with recommendations to the parties.

(5) The person shall report his/her findings and recommendations to the Government and to the Union, not later than June 1, 1992.

(6) The person is to determine his/her own procedure, but is to give full opportunity to the parties to make submissions to him/her.

(7) Without limiting the scope of this review, its purpose is to be:

(a) to determine the reasons for the current Unfunded Liability of the Teachers' Pension Fund, and

(b) to recommend ways by which the Unfunded Liability of the Fund may be eliminated or reduced.

(8) The Province (i.e., Teachers' Pension Commission, Department of Education and Department of Finance) and the Nova Scotia Teachers Union commit themselves to making any and all relevant information available to the appointed person.

Signature: _____ Signature: _____

on behalf of the Department of Education

on behalf of the Nova Scotia Teachers Union

January 7, 1992

ANALYSIS OF SCHOOL BOARD OPERATING EXPENDITURE GROWTH

APPENDIX 1

EXPENSES	1990 CALENDAR YEAR ACTUAL	1991-92 15 MONTH ESTIMATED BUDGET	ANNUALIZED EST % INC	1992-93 FY PROJECTED	% INC
TEACHERS' SALARIES	504,236,800	655,496,900	4.00%	530,690,290	1.20%
NON-TEACHERS' SALARIES	78,188,700	104,454,000	6.87%	83,981,016	0.50%
NON-SALARIES COSTS	129,401,300	174,518,300	7.89%	146,595,372	5.00%
	711,826,800	934,469,200	5.02%	761,266,678	1.83%
REVENUES					
PROVINCE OF N.S.	558,295,700	738,766,800	5.86%	602,833,709	2.00%
MANDATORY MUNICIPAL	100,052,700	134,372,400	7.44%	109,647,878	2.00%
SUPPLEMENTARY MUNICIPAL BOARD REVENUES	53,478,400	61,330,000	-8.25%	48,785,091	-0.57%
	711,826,800	934,469,200	5.02%	761,266,678	1.83%

ASSUMPTIONS:

1. TEACHERS' SALARIES INCREASE 1.2% ANNUALLY FOR INCREMENTS AND LICENSE CHANGES.
2. NON-TEACHING SALARIES INCREASE .5% ANNUALLY FOR THE FEW GROUPS OF EMPLOYEES PARTICIPATING IN AN INCREMENT TYPE COMPENSATION PLAN
3. NON-SALARY EXPENDITURES INCREASE 5% ANNUALLY.
4. BOARDS WILL NOT REDIRECT OPERATING FUNDS FOR CAPITAL EXPENDITURE PURPOSES.
5. DOES NOT ACCOUNT FOR FINANCIAL EFFECTS OF SPINNING OFF COBETEC AND KINGSTEC IN 1992-1993.
6. DOES NOT ACCOUNT FOR STAFF DECLINES ALREADY IMPLEMENTED BY SCHOOL BOARDS IN SEPTEMBER, 1990 AND 1991.

Appendix II

School Planning & Conveyance
Approved School Capital Construction Projects

Constituency	Project	Location	O.I.C.	Amount	Application Date	Construction Started	Construction Completed
1989							
Pictou Centre	Westville High & Church Street - Alterations	Westville	89-929	$ 364,000			August 1991
1991							
Cole Harbour	Cole Harbour High School	Cole Harbour	91-940	$12,000,000		Not started	Not started

Appendix 3

Nova Scotia Department of Education
School Closures
1988 to 1991

Antigonish
- 1990 - Lower South River
- 1991 - Lakevale Consolidated
- 1991 - Morrison

Cape Breton
- 1989 - Dutch Brook
- 1989 - MacKay's Corner
- 1989 - St. John
- 1990 - Sydney Forks
- 1990 - Park Street
- 1991 - MacDonald Consolidated

Colchester - East Hants
- 1988 - Prince Street
- 1988 - Victoria

Cumberland
- 1989 - Acadia Street
- 1989 - Collingwood Elementary
- 1989 - Leamington
- 1989 - Westchester Station

Dartmouth
- 1991 - Ecole Francophone

Guysborough
- 1990 - Bickerton Consolidated
- 1990 - Eastern Shore
- 1990 - Goshen Consolidated
- 1990 - Greenfield Consolidated
- 1990 - Sherbrooke Consolidated

Halifax City
- 1990 - Riverview
- 1990 - Titus Smith

Halifax County
- 1991 - Lakeside - Beechville
- 1991 - Glengarry - St Andrews

Inverness
- 1988 - Port Hastings
- 1988 - Princeville Elementary
- 1988 - St .Joseph Du Moine
- 1989 - Creignish Consolidated

Kings
1988 - A/V/M Morfee

Pictou
1989 - Chelsea
1989 - Church Street
1990 - West Side

Queens
1990 - Mount Pleasant

Richmond
1990 - North Isle Madame

Shelburne
1991 - Ragged Island

Note : There may be several other schools that have been combined in the past and some of those buildings may now be closed.

Research, September 13,1991

Appendix 4

ACTIONS RE: DROPOUTS

In all its activities the Department is committed to ensuring the curriculum, instructional strategies and materials are suitable for all learners and that individual student needs are met at various levels of interest and ability. There is a recognition of the growing concern regarding students at risk and the need to promote programs which will encourage these students to stay in school.

The Department is a partner with the Federal Government in approving, monitoring and evaluating the progress of federal stay-in-school initiatives being carried out by school boards. The Department offers specific consultation and advice to boards as they plan initiatives, and encourages schools to develop a school climate conducive to maintaining student interest and motivation through high quality programs. Some examples of these programs are:

- Tutoring programs - by university students, community volunteers or peers
- Peer helping/counselling
- Community support workers program
- Transition programs
- Resource programs
- Work experience
- Co-op education
- Job shadowing

These programs present alternative ways for students to prepare for their future in an increasingly competitive world. In light of recent Public School Program changes, Alternatives and Special Education programs are being designed to encourage students tc stay in school, to provide alternatives and to ensure at risk students the best education possible.

The Department also consults with and assists community agencies in the development of programs designed to assist students who may be contemplating leaving school early, or those who have already left school.

Over the last year, Nova Scotia has participated in a Maritime Provinces Education Foundation project Students at Risk, which is defining an "at risk" student as well as identifying exemplary Maritime programs which are addressing these concerns. Additionally, the department continues in the joint partnership with the Nova Scotia Teachers Union and the Nova Scotia School Boards Association in the support of the school effectiveness endeavours.

NOVA SCOTIA PRIVATE TRADE SCHOOLS
STUDENT AID FUNDS DISBURSED 1990-91

Appendix 5

SCHOOL	NO. STUDENTS 90-91	$CSL	$NSGB
Advanced Technical Training Centre			
A Step Ahead School & Salon	8	21,844	4,062
Academy of Cosmetology	19	55,515	13,778
Atlantic Broadcast Institute	17	50,571	10,996
Atlantic Computer Institute	50	198,864	44,195
Atlantic Illusions Ltd.	2	5,250	
Aviation Career Academy (Enfield)	6	7,560	5,750
Aviation Career Academy (Sydney)	1	1,260	
Breton Beauty College	33	112,677	50,390
Butler Air Service			
Cape Breton Business College	110	394,695	132,310
Career Development Institute	97	228,891	66,463
CompuCollege School of Business	100	285,341	94,863
Dante's School of Hair/Beauty	9	33,025	10,207
Dartmouth Career College	42	138,915	51,321
Greenwood Flying Club	2	2,250	1,150
Hair Design Centre-Halifax	19	60,884	17,436
Hairmasters			
Kingston Bible College	3	8,502	2,300
Lucien's Beauty School	4	13,610	6,900
Margille Career College	53	137,789	46,796
Maritime Conservatory of Music			
McKenzie College	22	74,066	25,300
Miss Murphy's Business College	58	221,155	74,917
Patrick's Beauty Coll (Sydney)	10	31,072	16,646
Patrick's Beauty Coll (Syd.Mines)	60	200,540	108,699
Pegasus Helicopters Inc.			
Scotia Flight Centre	1	1,260	
Scruples Beauty School	50	174,730	89,717
Scotia Career Academy	32	110,707	28,996
Shearwater Flying Club	6	7,560	3,450
Society of Mgt Accountants/NS			
St. Joseph's Childrens Centre	12	42,990	9,650
Success Business College	65	239,986	79,888
Truro Flying Club	6	7,431	3,450
YWCA Centre/Computer Studies			

NOW CLOSED (funds issued last year)

SCHOOL	NO. STUDENTS 90-91	$CSL	$NSGB
Crawley's Business Academy	2	6,391	
Halifax Business Academy	107	344,080	126,432
Transformation School/Hair Design	18	69,458	21,734

Appendix 6

School Planning & Conveyance
List of Applications for Approval of School Capital Construction Projects

Constituency	Project	School Board	Application Date
Annapolis East	Bridgetown Regional Elementary - Addition	Annapolis	22 November 1988
	School Bus Garage (Bridgetown) - Addition	Annapolis	7 June 1982
Annapolis West	Annapolis Area Elementary School	Annapolis	17 September 1987
Antigonish	St. Andrew Junior High - Alterations	Antigonish	11 June 1987
	Braemore Elementary - Addition & Alt.	Antigonish	14 February 1985
	Dr. Hugh MacPherson - Addition & Alt.	Antigonish	12 July 1985
Argyle	Plymouth - Addition	Clare-Argyle	6 April 1989
	Amirault's Hill Junior High - Addition	Clare-Argyle	19 May 1989
Bedford-Musquodoboit Valley	Bedford Elementary School	Halifax County-Bedford	29 March 1988
	Ashe-Lee Jefferson - Addition	Halifax County-Bedford	1 November 1983
	L. C. Skerry Elem. - Addition & Alt.	Halifax County-Bedford	8 April 1989
	Musquodoboit Central Elem. - Add. & Alt.	Halifax County-Bedford	3 May 1989
Cape Breton Centre	MacDonald High (Dominion) - Add. & Alt.	Cape Breton	17 July 1990
Cape Breton East	Glace Bay Elementary School	Cape Breton	7 March 1990
	Glace Bay Gymnasium	Cape Breton	14 October 1988
Cape Breton North	Notre Dame - Addition	Northside-Victoria	7 December 1989
	St. Mary's - Addition	Northside-Victoria	7 December 1989
	Warehouse	Northside-Victoria	
Cape Breton South	Sydney Junior High School	Cape Breton	14 October 1988
	Colby & Woodill - Gymnasium	Cape Breton	19 November 1981
Cape Breton The Lakes	School Bus Garage and other services	Cape Breton	5 April 1989
	Boularderie - Addition	Northside-Victoria	7 December 1989
Colchester North	North Colchester Jr.-Sr. High - Alterations	Colchester-East Hants	12 July 1989
	North River Elementary - Addition & Alt.	Colchester-East Hants	12 July 1989
	Tatamagouche Elementary - Addition & Alt.	Colchester-East Hants	12 July 1989
	Chiganois Elementary - Addition & Alt.	Colchester-East Hants	12 July 1989
Colchester South	Brookfield Memorial Elem. - Add. & Alt.	Colchester-East Hants	12 July 1989
	South Colchester High - Alterations	Colchester-East Hants	12 July 1989
	Brookfield Junior High - Addition & Alt.	Colchester-East Hants	12 July 1989
	Cobequid Consolidated Elem. - Add. & Alt.	Colchester-East Hants	12 July 1989

Constituency	Project	School Board	Application Date
Cole Harbour	Cole Harbour Elementary School	Halifax County-Bedford	28 June 1990
Cumberland Centre	West Highlands Elementary - Addition	Cumberland	November 1988
	Junction Road - Addition	Cumberland	November 1988
	Springhill Jr.-Sr. High - Addition & Alt.	Cumberland	19 April 1990
	West End Memorial - Addition	Cumberland	November 1988
Cumberland East	R. B. Dickey Elementary - Addition	Cumberland	November 1988
	Amherst Regional High - Alterations	Cumberland	November 1988
Dartmouth North	Mary Lawson Elementary - Addition	Dartmouth	31 January 1989
Digby	Digby Regional High - Alterations	Digby	9 November 1984
	Barton Consolidated - Addition	Digby	22 March 1984
Guysborough	Canso High - Addition	Guysborough County	9 January 1987
Halifax Chebucto	St. Catherine's - Addition & Alterations	Halifax	9 March 1987
Halifax Eastern Shore	Lake Echo-Porters Lake Elementary School	Halifax County-Bedford	14 August 1990
Halifax St. Margarets	Hammonds Plains - Addition	Halifax County-Bedford	25 October 1988
	Atlantic Memorial Elementary - Addition	Halifax County-Bedford	19 March 1990
	Boutilier's Point Elementary School	Halifax County-Bedford	18 October 1989
	Prospect Road Elementary - Addition	Halifax County-Bedford	10 March 1990
Hants East	Hants East Middle School	Colchester-East Hants	12 July 1989
	Lantz District Elementary - Addition & Alt.	Colchester-East Hants	12 July 1989
	Milford District Elementary School	Colchester-East Hants	12 July 1989
	Uniacke Area Junior High School	Colchester-East Hants	12 July 1989
	Enfield District Elementary - Add. & Alt.	Colchester-East Hants	12 July 1989
	Elmsdale District Elementary - Add. & Alt.	Colchester-East Hants	12 July 1989
	Hants East Rural High - Alterations	Colchester-East Hants	12 July 1989
	Hants North Jr.-Sr. High - Add. & Alt.	Colchester-East Hants	12 July 1989
	Cobequid District Elementary - Add. & Alt.	Colchester-East Hants	12 July 1989
	Maitland District Elementary - Add. & Alt.	Colchester-East Hants	12 July 1989
Inverness North	NDA School - Alterations	Inverness	23 July 1990
	Margaree Forks - Addition & Alterations	Inverness	30 November 1987
	North East Margaree - Alterations	Inverness	30 November 1987
	Inverness Elementary - Alterations	Inverness	30 August 1989
	Judique-Creignish Consolidated - Alt.	Inverness	11 July 1990
	Mabou Consolidated - Alterations	Inverness	18 May 1988
	Port Hood - Addition & Alterations	Inverness	30 November 1987

Constituency	Project	School Board	Application Date
Inverness South	Whycocomagh Consolidated - Addition & Alt.	Inverness	30 November 1987
Kings North	Aldershot - Addition & Alterations	Kings County	4 July 1989
	Kingstec - Addition & Alterations	Kings County	30 November 1988
Kings South	Morton District High - Addition & Alt.	Kings County	6 December 1988
	Central School Bus Garage	Kings County	6 June 1988
	Evangeline Middle - Addition	Kings County	6 December 1988
	L. E. Shaw Elementary - Addition & Alt.	Kings County	6 December 1988
Kings West	West Kings District High - Addition & Alt.	Kings County	6 December 1988
	St. Mary's (Aylesford) - Addition & Alt.	Kings County	4 July 1989
Lunenburg Centre	Blockhouse Elementary - Addition & Alt.	Lunenburg County	8 December 1987
	New Germany Rural High - Addition & Alt.	Lunenburg County	12 January 1988
	Lunenburg Elem.-Jr. High - Addition	Lunenburg County	12 January 1988
Lunenburg West	Hebbville Consolidated - Addition	Lunenburg County	12 January 1988
Pictou Centre	G. R. Saunders - Addition	Pictou	7 June 1988
	New Glasgow Jr.-Sr. High - Alterations	Pictou	30 August 1990
	Stellarton Jr.-Sr. High - Alterations	Pictou	30 August 1990
	Trenton Elem. (New Duke) - Addition & Alt.	Pictou	7 June 1988
Pictou West	Pictou Elementary School	Pictou	7 June 1988
	Pictou Academy/McCulloch - Alterations	Pictou	30 August 1990
	West Pictou District High - Alterations	Pictou	30 August 1990
Queens	South Queens Elementary School	Queens	22 December 1989
	South Queens Junior High - Alterations	Queens	13 December 1988
	Greenfield Elementary School	Queens	27 September 1989
	Port Mouton Consolidated - Addition	Queens	30 November 1989
Sackville	Millwood Elementary School	Halifax County-Bedford	1 November 1989
	Sackville Heights Elementary - Add. & Alt.	Halifax County-Bedford	12 February 1982
	Sackville Heights Jr. High - Add. & Alt.	Halifax County-Bedford	12 February 1982
	Acadia Elementary School	Halifax County-Bedford	28 October 1986
	Centennial Elementary - Addition & Alt.	Halifax County-Bedford	12 February 1982
Shelburne	Shelburne Regional High - Addition & Alt.	Shelburne County	28 March 1984
	Clark's Harbour - Addition & Alterations	Shelburne County	28 March 1984
	Lockeport Elementary - Addition	Shelburne County	
	School Bus Garage	Shelburne County	19 November 1985
	Villagedale Elementary School	Shelburne County	28 July 1986

Constituency	Project	School Board	Application Date
Truro-Bible Hill	Alice Street Elementary - Addition & Alt.	Colchester-East Hants	12 July 1989
	Bible Hill/Valley Middle School	Colchester-East Hants	12 July 1989
	Willow Street Elementary - Addition & Alt.	Colchester-East Hants	12 July 1989
Victoria	Ingonish - Addition	Northside-Victoria	7 December 1989
	Dingwall - Addition	Northside-Victoria	7 December 1989
	School Bus Garage	Northside-Victoria	5 July 1984
Yarmouth	Hebron Elementary School	Yarmouth	5 September 1990
	Milton Elementary School	Yarmouth	5 September 1990

Fully Elected School Boards

The purpose of this document is to evaluate the various decisions that should be made in the course of introducing fully elected school boards. It is recognized that no policy decision has been made to introduce legislation to accomplish this goal, and in fact the main objective of this document is to attempt to set out and evaluate the various decisions that have to be dealt with before such a decision is made. Accordingly, throughout this document the assumption is made that there will be elected school boards and the discussion centres around how they should be set up. This should not be taken as an endorsement of the concept.

Since it is necessary to assume that the decision to have fully elected school boards has already been taken, it is not necessary in this document to evaluate the concept. Yet, a few words on the topic may make what follows clearer.

Elected school boards are a tradition in Canada, and even in Nova Scotia until the introduction of the larger school units just half a century ago. For some reason, perhaps because it affects most families personally on a daily basis, education in North America has had a separate governmental structure that is high profile and often elected. Hospital boards are not elected (at least not in this end of the country), and no one has ever heard of a sewer board (except in some joint projects). Education is a service that lends itself to the perception that there is little expertise in its management, or at least that a layman can make a significant contribution (which is not true of water works). But in some countries it functions well as simply another committee of the local council, competing with all the rest of the services for the same local dollar on the same basis.

Beginning with the larger school units in 1942, the directly elected school board (the boards of trustees of the school sections) lost virtually all of its power and authority, because it did not have any money. (The elected school board in Berwick was an exception, created by special legislation in the 1920's, and eliminated as a result of amalgamation in Kings County without visible effect.)

The money was coming from the province and the municipalities, and accordingly the boards consisted of representatives of those governments. In 1978, the provincial government insisted that the boards have elected members, and thus a third of the members of the board became elected. This carried forward into the district school boards established in 1980 and 1981. This triple representation provided municipalities (who supplied some of the money), the province (who supplied more of the money) and the people, who at least used the service if they did not pay the taxes, all a voice in the operation of the school system.

Yet, representation was not quite what it was made out to be. Both provincially and municipally appointed members tended to associate themselves with the school boards rather than with the appointing body that put them there. It was not unknown for municipal members to vote for a school board budget at the board and then vote against it in council. And of course the terms of the appointment did not allow a member to be "instructed" by the appointing body, although municipalities and the province at least sometimes tried to do so.

However, no great surge of popular support for the elected members ever materialized either. Perhaps because they were seen to be ineffective in a board controlled by appointees, or perhaps simply because people were not used to electing school board members, there has been comparatively little interest in the election of school board members. In those areas where the municipal council was acclaimed, there tended to be very low turnout, if there was a school board election at all. Full slates of acclamations in school boards have not been unknown. In fact, upwards of fifty per cent of all elected positions on school boards have been filled by acclamation, and forty per cent in the most recent elections.

The creation of a fully elected school board will create another player in the complex game of local government, one with a slightly different constituency of active supporters, and with a vastly different agenda. These boards will be able to come to the province from a stronger base. They will no longer be held back from competing with the "service" municipality for the property taxes both will rely on. Of course, if they can raise taxes and pass the blame to the local municipality while they do it, they will have achieved political nirvana: power without accountability.

Apart from fiscal difficulties arising if accountability is not forced, it is difficult to see where the boards will act differently from the existing ones, that make difficult decisions with scarce resources when they are allowed to (school closings), and act in good faith free of any real direction by the appointing bodies.

An elected board is scarcely likely to be different. And yet it will have to act at least somewhat differently in order to justify its election.

What is proposed is the creation of an entire new order of local government.

Electing School Board Members

School boards at present consist of a widely varying number of members, primarily due to the negotiations among the original member municipalities to ensure adequate representation for them. As a result, many boards are large and unwieldy, since a guarantee of sufficient representation for the municipal units had to be multiplied by three to ensure equal numbers of elected, provincially appointed and municipally appointed members.

Municipally appointed members are sometimes also referred to as elected members, as most have been elected to municipal councils. But not every municipally appointed member has been a member of a council.

The boards range in size from nine members (Antigonish, Inverness) to twenty-one members (Pictou). Three are eighteen (Cape Breton, Cumberland and Shelburne). Refer to Appendix A.

The first question is one of size. Most of the boards are too big, and the reason for that size will disappear if all members are elected. Most municipal councils are much smaller, and even large towns like Truro get by with a seven-member council. It is not impractical to suppose that board size can be reduced even in the short term, that is, effective as of the municipal elections in the fall of 1991, and eventually boards will have to become even smaller.

It is proposed that board size be allowed to vary, since not all districts will require as many board members, with the size of the board to be determined by the Nova Scotia Municipal Board much as it now determines the size of rural municipal councils. It is also proposed that a maximum size of nine members be set for any board. That will allow for an increase in the number of elected members in all school districts, but at the same time reduce overall numbers of members, thus effecting a reasonable saving in administrative expenses.

If members are to be elected at the 1991 elections, it will be impossible to establish electoral districts for them to elect one member per district. The next municipal elections will be in 1994. It does not seem practical for special elections to be held in an off year simply to elect school board members. There is a fair amount of disinterest in these elections now (due, in part, perhaps, to the fact that elected members cannot now control the boards and are not seen to have any effect on local taxes). In an off year, without even a municipal election to draw out the voters, and without whatever advantages electing members will have being apparent yet, interest is likely to be extremely low and the experiment will seem to have been a failure from the beginning. The extra cost of an off year election is not to be disregarded either.

The first election of school board members will therefore have to take place in the fall of 1991. The simple (and only practical) answer to the question of electoral districts is just to elect more members from each of the present electoral districts. All district boards have them, even though in some cases board members are elected at large in some municipal units within the districts. The only adjustment will be that in Kings County there will have to be an additional member one elected from Hantsport.

If it is considered desirable to cut the size of the boards from the beginning (which may be a good idea in itself, simply to get the members used to working with smaller numbers), then it can be provided that only two members be elected from each district, resulting in boards of between six and fourteen members.

One of the first tasks facing the new boards will be devising electoral districts for the size of board they want. Equality of population should be the primary, although not only, factor to take into consideration in determining electoral district boundaries. Other factors could include population density, the school age population, and the existing boundaries of wards and polling districts.

An application to the Municipal Board would have to be made before the end of 1992, to allow the board to set the number and boundaries of the electoral districts before the end of 1993, ready for the 1994 elections. The basic provisions of the *Municipal Boundaries and Representation Act*, which include studies and hearings, would apply. Some method would have to be established to co-ordinate these hearings with those required for rural municipal polling district boundaries (which will also cycle in at this time), to minimize differences in electoral district boundaries.

The work of establishing electoral districts will not be particularly difficult, although it is likely to cause some practical difficulties in the boards. No one will want to lose a seat, and there will be some problems with boundaries. These will not be too severe since the rural municipalities have polling districts in place that would form the basic building blocks.

The goal of equality in school board electoral districts is being poorly met at present. Only a few boards specifically call for election from at least roughly equal areas (see Appendix A). Most provide for election of specific numbers from the member units. For example, Stewiacke and Truro each elect one member in Colchester-East Hants, Amherst and Oxford and Parrsboro one each in Cumberland, and Trenton and New Glasgow in Pictou.

The Municipal Board should also have authority to change school district boundaries, and to amalgamate or annex boards. It

is recognized that some boards are too small; Digby is the principal example. As well, board jurisdictions often do not match their catchment areas. Southern Annapolis County students tend to attend school in Queens and Lunenburg, for example.

With all members elected, there is no magic in following municipal boundaries since whatever method of tax collection is followed, the properties in different board areas can be readily identified and taxes recovered. No effort to establish what, if any, changes might be required in the Municipal Affairs OASIS computerized assessment program has been undertaken.

Once the Minister of Education was given control over school board electoral districts, and there has always been an implicit authority over the boundaries of the districts. These tend to be political sinkholes: the potential for trouble arising always exists, and there is nothing to be gained from exercising the powers. That is why delegating these functions to the Municipal Board, as is done for municipalities, makes sense.

The matter of holding the elections is already covered in the *Municipal Elections Act*. Apart perhaps from moving the qualifications for school board members from that Act to the new legislation, few changes of substance appear to be required. The legislation now provides essentially that any qualified elector may be elected to a school board, except M.P.'s and M.L.A.'s, employees, persons interested in a contract with the board (in Halifax), members of a municipal council, and persons who have been convicted of certain offences. Probably that last requirement could be waived. Whether the Halifax City requirement that no member be interested in any contract with the board should be extended to all boards is uncertain. Boards, unlike at least town councils, draw from a fairly large area, and it may be reasonable to impose stricter standards of conflict of interest than apply to municipalities generally. It is doubtful that the declaration and withdrawal provisions of the *Municipal Conflict of Interest Act*, which does apply specifically to school boards, are always as effective as they might be, although enforcing conflict of interest provisions of any kind is always difficult. The appropriate solution is to give the boards the same powers now exercised by the cities, to make the determination of whether to ban all interests in any contract with the board themselves. It is not appropriate that the municipal units make this decision for the boards.

Then there is the question, often raised by municipalities, of why they should be required to pay the full costs of school board elections. If there is an election anyway, the additional cost is relatively small: some extra paper, and extra ballots. Costs rise steeply, however, where there has to be an election for a school board member where a councillor has been acclaimed. There seems to be no good reason why the boards should not be paying any additional costs caused by an election for a

school board member. Disputes could be settled by the Minister, perhaps in consultation with the Minister of Municipal Affairs.

At the present time, vacancies, even for elected members of a school board, are filled by appointment. For a fully elected board, a by-election seems to be the only reasonable choice. The board will have to absorb the cost; the provisions for such elections are set out in the *Municipal Elections Act*. That Act also has provisions for plebiscites, and it might be well to allow boards to use them (at their own expense).

Summary

1 What is the first year to elect members, 1991 or 1994?
Either is feasible; 1991 is more palatable.

2 Should there be a limit on board size, and if so what?
Yes, nine members.

3 If there is to be a limit on board size, should board size be reduced from the beginning?
Yes, by electing only two, instead of three, from the present electoral districts.

4 Should all boards be the same size?
No, allow them to vary.

5 How should electoral district boundaries be set?
Municipal Board.

6 Should there be some way to adjust board boundaries?
Yes, by application to the Municipal Board.

7 Should there be any special criteria for qualification for election to a school board?
No substantial change in the existing qualifications is suggested.

8 Should school board members be required to abstain from any interest in any contract with the board?
While the Municipal Conflict of Interest Act will apply to all boards, individual boards should make the decision to impose higher standards themselves.

9 How should vacancies in a board be filled?
By-elections.

10 Who should conduct and pay for school board elections?
The boards should pay any added costs, including by-elections and plebiscites, but the municipalities should run the elections.

Control over School Board Spending

One of the most difficult questions for any provincial government and the school boards providing educational services is whether the provincial government ought to exercise control over the spending by the school boards.

In many versions of school board finance, the boards simply requisition their funds from the local municipality, which collects them with its own taxes. Most often the school board levy is separately identified both on the bill and in the press, although it is said that since the bill comes from the municipal unit a lot of the blame for the taxes falls there. Failure to require the boards to collect directly does impair accountability somewhat.

More serious from the overall expenditure side, although not, perhaps, for education funding, boards have in the past found that education spending is politically attractive. Boards tend to be dominated by people with a vested interest in the system (mostly parents), while those with wider political ambitions tend to be involved in municipal politics. While the largest segment of the population (the baby boomers) were parents, education for their children was perhaps their most important governmental priority. The problem appears to have abated in recent years, due in part to an aging of the population that makes parents of school age children a smaller fraction of the electorate, and to a more pervasive concern with the overall level of taxes.

In its original conception, the government of New Brunswick (followed closely by Prince Edward Island) took over the full cost of education and funded an approved budget for each elected school board. The boards were entitled to raise additional money with a supplementary levy, but if more than five per cent of the voters objected the supplementary program had to be approved by a plebiscite. This was simplified in New Brunswick where the province collects all property taxes.

At present, the *Schools Act* in New Brunswick requires school boards to submit budgets to the Minister by November 15 in each year for the following school year, and after consultation the Minister provides the board with a detailed budget for that year. Revisions are contemplated. The board is limited to spending exactly as the budget is approved. In New Brunswick the full cost of education is borne by the provincial government, barring supplementary programs. The law in Prince Edward Island, under the *School Act*, is to the same effect.

In Quebec the province has in the past given boards budgetary guidelines or norms, and provided the boards levy a uniform tax rate, the province would provide budget-balancing

grants. School boards levy and collect their own taxes. Effectively, the province approves school board budgets.

In Ontario the provincial government has never attempted to limit school board budgets. School boards have been in autonomous control of their own finances (subject to provincial grants) since they were first established in the early history of the province.

In the western provinces, the boards have direct access to the property tax base, and always have. They were based on the Ontario model. British Columbia school boards tax a slightly different definition of property than do the municipalities. There is little direct government control. For example, in Saskatchewan under the *Education Act* the board must submit its budget to the Minister, but this is clearly for information purposes only. Neither is there control in Manitoba. Alberta requires that the budgets be submitted to the Minister, but they are not subject to approval.

What is interesting is that as a legacy of school board overspending in the 70's (also critical in British Columbia), the Alberta legislation gives the Minister the power to make regulations limiting the amount of money a board may requisition from a municipality, either as an amount or a percentage, and authorizing methods by which the board could override the Minister's limits (e.g., by a vote of the electors). The school board may determine that the educational requirements of a "hamlet" require an additional requisition from the hamlet, the equivalent of a supplementary levy. These must all be approved by the Minister, but an approval in one year carries forward until it is rescinded.

Also in Alberta, while most boards get their money by a simple levy on the municipal units within its area, the Minister may authorize a board to collect its own taxes.

In British Columbia, the provincial government and the school boards have engaged in a very hotly contested battle over control of spending. The province has at times imposed strict limits on annual school board budget increases. Now the boards are restricted to taxing residential property for supplementary spending in excess of the block funding allocation, and these levies must be approved by a referendum. Alberta used a carrot and stick approach, by providing additional provincial funds for boards that kept under the provincial "guideline", and reducing funds paid to boards that exceeded it.

In Ontario the Smith Committee on Taxation recommended in 1967 that school board levies be collected at a different time of the year from municipal levies to ensure accountability and avoid confusion in the minds of the public.

Parallels from the municipal field can be drawn with the common requirement that debenture issues be approved by the electorate. In New Brunswick, municipal budgets were approved by the provincial government (mainly because of a grant system that was expenditure driven).

It is anticipated that with block funding from the province financed by provincial revenues and the education levy ("mandatory municipal contribution"), board budgets will not be subject to the approval of the province. Supplementary funding, however, if boards have independent power to set levies, will no longer be subject to the approval of municipal councils as they are at present.

There are a number of alternatives:

(1) Ministerial approval of all supplementary levies - politically this would seem to be a no-win situation: the province has given the boards freedom to set their levies and taken it away again; the Minister cannot readily determine the willingness of the local population to pay a supplementary levy; supplementary levies are commonly tied to attractive issues, ensuring that a refusal to approve the levy is politically costly while at the same time if it is approved the Minister can be blamed for higher taxes.

(2) Two-thirds or 75% majority approval by the board - politically this leaves the decision to be made by the locally elected board, which has to face the electorate and, if the chain of causation is kept reasonably clear, can be held directly accountable for the tax; from the point of view of control, boards that have been co-opted by staff (a not uncommon situation) will levy the rate in any case, but a high majority (say seven of nine members) reduces the likelihood of staff control, which in any event is likely to be less for fully elected boards.

(3) Approval by the local municipal councils - essentially this is the present position, and is defensible only if the municipalities have to rate for the excess, yet if municipalities have to rate for supplementary budgets, they will surely argue that they should be represented on the boards, and this has always been the reason why municipalities have appointed members to school boards. Thus, if municipalities are to have control, then they should not lose their members on the boards. It is questionable whether municipalities are effectively represented on the boards, but frequently they do exert effective control over board spending.

(4) Approval by public meeting or plebiscite - experience with school trustees in Halifax County shows clearly that school meetings are poorly attended, and what the trustees want they get (the difficulty in identifying accountability, since the municipality collects school rates as one of many area rates, contributes to this problem). On a larger scale the public meeting concept is completely unworkable. A plebiscite is costly, and sometimes it is difficult to know whether the electorate are even moderately knowledgeable about the issue. It is also time consuming. A plebiscite if requested by a significant part of the electorate might be a useful safety valve, or a brake on a profligate board, so long as there are notice provisions to ensure that the public was aware of the intent to levy funds in excess of the mandatory local contribution.

Some kind of control should be exercised on supplementary spending by school boards. The concept apparently cannot practically speaking be eliminated, even though it means that richer boards will be able to offer their students a higher standard of education, and there will be continuing inequalities based on wealth. In some American states these differentials have been held to be violations of the equality provisions of the state constitution. Experienced municipal politicians also know that where the gate is left open for the provincial camel to start shirking its own responsibilities, it soon happens, and the provincial share of overall education spending starts to drop again.

Where the province will no longer share in supplementary funding, its influence on the system will be less. While it would be equitable to devise a system that allowed the province to give an equalizing grant with respect to supplementary funding to the poorer boards, so that it was possible to raise an extra dollar with the same tax effort everywhere, experience shows that any costsharing system tends to distort local priorities, and where the provincial contribution was a high proportion of the extra money, boards would raise it simply to get that funding for their areas, totally ignoring the concept of relative tax effort.

It is recommended that the appropriate form of school board spending control is a combination of items 2 and 4. That is, any expenditure over the basic budget (provincial funds plus mandatory local levy) would require the approval of 75% of the full membership of the board. Even with this, if 5% of the electorate requisitioned a plebiscite, one would have to be held to approve the supplementary levy. To ensure accountability, so that board members could be held to account by the electorate for their spending habits, boards should collect their own taxes, and the tax amount for the supplementary levy should be clearly identified as

an additional amount over and above the mandatory local levy. Where boards have their taxes collected by the municipalities, the school tax bill should be separate, and the supplementary levy shown clearly on that bill as a separate item.

While the degree of control exercised by the Minister of Education over the business of a school board is significantly higher than that exercised by the Minister of Municipal Affairs over the affairs of municipalities, there are certain "last ditch" provisions in the *Municipal Affairs Act* that allow Cabinet to replace a municipal council in the event the unit has effectively gone bankrupt. These provisions might be of some merit in an act dealing with school boards, notwithstanding the fact that they have never been employed with respect to a municipality in Nova Scotia. There are also provisions where the Minister can require a municipality to comply with certain orders and requirements. It might be useful to include these features of the legislation as well.

Summary

1 Should there be any provision to control school board spending?
Yes.

2 Should the method be direct (budget control) or indirect?
Indirect.

3 What method should be adopted?
Boards should be responsible for raising their own taxes, either themselves or by contract with municipal units, with a high (75%) majority for supplementary levies, and the requirement for a plebiscite to approve the supplementary levy if 5% of the electorate request it within twenty-one days of public notification of the intent to levy in addition to the mandatory local levy.

Appendix VIII
-Provincial Tax Commission

Nova Scotia

Department of Finance

Office of the Deputy Minister

7th Floor
1723 Hollis Street
PO Box 187
Halifax, Nova Scotia
B3J 2N3

902 424-5774
Fax 902 429-0257 / 424-0590

Our file no:

January 10, 1992

JAN 13 1992

Ms. Alexa McDonough, MLA
Leader, New Democratic Party
Province of Nova Scotia
P.O. Box 1617
Halifax, Nova Scotia
B3J 2Y3

Dear Ms. McDonough:

Thank you for your letter of December 18, 1991 reminding me of your request for names of tobacco wholesalers.

Section 24 of the Tobacco Tax Act, a copy of which is attached for your easy reference, outlines the permitted disclosure of information or records obtained pursuant to the Tobacco Tax Act. The provisions restrict the release of information held pursuant to that Act to those purposes noted therein. I therefore cannot provide the requested list of tobacco wholesalers licensed in Nova Scotia from 1987 to 1991.

Yours truly,

A.G. Manuel, C.A.
Deputy Minister Finance

jas
attach.

HOUSE OF ASSEMBLY
ASSEMBLEE LEGISLATIVE

OFFICE OF THE LEADER
NEW DEMOCRATIC PARTY
PO BOX 1617
HALIFAX, NOVA SCOTIA
B3J 2Y3

BUREAU DU CHEF
NOUVEAU PARTI DEMOCRATIQUE
C.P. 1617
HALIFAX, NOUVELLE-ECOSSE
B3J 2Y3

February 12, 1992

Mr. A.G. Manuel, C.A.
Deputy Minister of Finance
Province of Nova Scotia
4th floor, Provincial Building
Halifax, Nova Scotia

Dear Mr. Manuel:

I apologise for the delay in responding to your letter of January 10, regarding the list of tobacco wholesalers, but the press of provincial business has slowed our correspondence to a trickle.

Dickens is often quoted as writing that "the law is an Ass." Your letter tempts me to paraphrase Dickens and apply his words to the Department of Finance.

You and your officials are surely aware that clause 15 (7) (a) of the Tobacco Tax Act requires that "Every person who holds a wholesale vendor's permit shall keep the permit on display for inspection at any time at that person's principal place of business." It is incredible, when the Premier states weekly that Nova Scotia now enjoys open and honest government, that you cite the tax confidentiality rule to try and withhold a list of those who must publicly display their wholesale vendor's permit.

It was in August at a Public Accounts Committee meeting that I requested a list of those issued a wholesale vendor's permit under the Tobacco Tax Act from 1987 to 1991. You have failed during the intervening six months to answer that simple question. This behaviour raises serious questions about whether the senior levels of this government understand the principle of responsible government.

I ask that you immediately comply with my request for information which, by definition, is not confidential in any way.

Yours sincerely,

Alexa McDonough

cc. Hon. Donald Cameron
Bill Gillis, MLA, Chair, Public Accounts Committee

Alexa McDonough, M.L.A. Halifax Chebucto Constituency Office (902) 454-4400; Leader's Office 424-4134
Circonscription (902) 454-4400; Bureau du Chef 424-4134

Appendix IX
-Nova Scotia Power Corporation

nova scotia power

P.O. Box 910
Halifax, Nova Scotia
B3J 2W5

Louis R. Comeau
President and Chief Executive Officer

1991 12 16
Postmarked Dec 19, 1991

Dr. William Gillis, MLA
Chairman
Standing Committee on Public Accounts
Legislative Committees
3rd Floor, Dennis Building
Granville St.
Halifax, NS

Dear Mr. Gillis:

Please find attached responses to inquiries made during my appearance before your committee on October ~~29~~ 30, 1991.

I trust you will find the information appropriate.

Yours sincerely,

Louis R. Comeau

c: Honourable C.W. McNeil

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Request: Provide an estimate of the amount of coal to be delivered by Westray to NSPC before December 31. In addition, identify how much coal NSPC received from Westray during the week of October 21, 1991.

Response: As of December 12, 1991, we anticipate receiving approximately 18,000 tonnes of coal from Westray by December 31, 1991.

In the month of October, Nova Scotia Power received 3275 tonnes from Westray.

Request: How much will NSPC pay per ton for the limestone at Point Aconi, including transportation?

Response: In response to this question we are able to advise that the contract was awarded to the lowest bidder. We are unable to provide any more specific information on the actual price calculations due to the provision of the Freedom of Information Act specifically Section 5 subsection (3)(e) which states that access to information shall be refused which,

> "if disclosed, would reveal commercial, financial, scientific or technical information that could reasonably be expected to,
>
> (i) expose a department, the party that supplied the information or a third party unreasonably to disadvantage in competitive activity or in a present or likely process of negotiation, contractual arrangement or other similar process,
>
> (ii) result in undue gain or loss to a person, group, financial institution or agency,
>
> (iv) cause harm to the competitive position of a department, the party that supplied the information or a third party."

We do not have permission from the supplier to release this information.

Request: Identify the fuel source for the private power producers.

Response: Award list of private power producers:

Project Description	**Sponsor**	**Installed Capacity MW**
Projects of not greater than 10 MW[2]		
Dunbrack #1 Hydro	Ramsen Engineering	.40
Highway 101 Landfill	Environmental Technology Inc.	3.80
Jordan Hydro #1	Jordan Hydro Inc.	.80
Lingan Power project	Nova Scotia Coal Gas Venture	4.00
Melford Brook Hydro	Black River Hydro Limited	.23
Melford Falls Hydro	Black River Hydro Limited	.08
Morgan Falls Hydro	Seaforth Engineering Group	.50
MSW Sydney	County of Cape Breton	2.00
Sackville Mini Hydro	Sackville Hydro Power Corp.	.80
Ship Point EFW	Provincial Thermal Utilities	8.80
Tangier #1 Hydro	Ramsen Engineering	3.60
Taylor Lumber	Taylor Lumber Co. Limited	.85
West Sheet Hbr. Hydro	156993 Canada Inc.	2.20
	Sub-total	28.06
Projects larger than 10 MW[3]		
Liverpool Project	Polsky Energy Corporation	21.30
MSW Halifax Area[4]		13.00
	Total	62.36

NOTES:

1. The projects are arranged alphabetically within each classification.

2. These projects do not have to be referred to the PUB for approval since they are not greater than 10 MW.

3. Projects greater than 10 MW have to be referred to the PUB. The MSW project for Halifax may have an installed capacity of 10

MW in which case it will not have to be referred to the PUB.

4. The Metropolitan Authority has not yet announced who the successful bidder is for their project to incinerate municipal solid waste.

*Municipal Solid Waste

Request: Provide details on the increase in Nova Scotia Power employees since 1987.

Response: Since 1987 03 03, there was a total increase of 177 employees.

	No. of Employees
@1987 03 31	2383
@1991 03 31	2560
Increase of	177

Types of New Positions 1987 - 1991

Increase in number of apprentices to fill journeyman positions, present and future. Apprentices are located throughout the Province	+83
Increase in Engineers-in-Training (throughout Province)	+17
Staffing up for Trenton #6	+8
Staffing up for Point Aconi	+25
Increase in Environmental Staff (Halifax)	+7
Increase in Corporate Communications Staff (Halifax)	+3
Increase in In-House Legal Staff (Halifax)	+3
Increase in Occupational Health & Safety Staff (Sydney and Halifax)	+4
Increase in Personnel Services Staff (Halifax)	+4
Increase in Telecommunications Staff (Halifax)	+5
Miscellaneous (throughout Province)	+18
	+177

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You may be interested to know that in 1978, Nova Scotia Power employed 2567 employees, compared to 2560 in fiscal 1991. Within the same 12 year period, Nova Scotia Power has built a new plant, Lingan Generating Station, which employs 165±, and added 104,238 new customers to our system. Essentially, the bottom line has been stable for the past 12 years.

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Request: What has NSPC done regarding affirmative action and employment equity?

Response: Nova Scotia Power has worked carefully to design an Employment Equity Plan (attached) since late 1989.

During 1990, Senior Management met to focus on this corporate challenge and commitment was given to our draft plan. In addition, sessions were held with the executive of IBEW local 1928, and CRT & GW locals 507 and 610, to gain their support.

The management team of Nova Scotia Power were introduced to the Employment Equity Plan in November of 1990, and all employees received a letter from the President, affirming the corporation's commitment to Employment Equity.

Extensive deliberations were held with the Nova Scotia Human Rights Commission, culminating in the approval of our Employment Equity Plan August 30, 1991. This now gives Nova Scotia Power the clear support necessary for workforce surveys, and other actions. We will complete our work force survey in early 1992, and we will proceed to set corporate goals to make Nova Scotia Power employees a reflection of the working population of our province.

As a separate initiative, we have registered under the Federal Contractor's Program for Employment Equity. Policy, Practices and Procedures are now being carefully viewed, to eliminate any unfairness to Target Groups.

The Employment Equity Advisory Committee will begin meetings in January, 1992. This Committee will review all aspects of the recruitment and presentation process, and recommend any necessary changes. The Committee will review employee communication articles, and assist with completing a workforce survey of employees to gather data on target group representation.

We have been busy while waiting for the formal support for our EE Plan. Articles dealing with Employment Equity have been a part of our monthly employee newsletter, Powergram, since January, 1991.

In addition, extensive work has been done to develop linkages with target group associations/representatives throughout Nova Scotia.

At present, Nova Scotia Power is launching a major program to encourage female employees in metropolitan Halifax-Dartmouth-Bedford, to consider employment opportunities in Trades, Technology and Operations positions, and to train to be qualified to compete for future opportunities.

This special program is a partnership forged with IBEW local 1928 and the YWCA of Halifax.

Nova Scotia Power will establish specific goals for active recruitment, development and promotion of qualified target group representatives.

Most importantly, however, at Nova Scotia Power, we are pursuing a workplace that is free of all discrimination.

EMPLOYMENT EQUITY PROGRAM
INITIAL IMPLEMENTATION SCHEDULE

STEP #	DESCRIPTION	RESP. OF:	DATE COMPLETED
1	SENIOR MANAGEMENT DISCUSSION AND COMMITMENT TO EMPLOYMENT EQUITY	JMW	JULY 3, 1990
2	MEET WITH UNIONS TO GAIN THEIR SUPPORT	RNM/GSM	OCTOBER 12, 1990
3	INTRODUCE EMPLOYMENT EQUITY PROGRAM AT ANNUAL MANAGEMENT MEETING	JMW/GSM	NOVEMBER 21, 1990
4	LETTER FROM LRC TO ALL EMPLOYEES REGARDING CORPORATION'S COMMITMENT TO EMPLOYMENT EQUITY	JMW	NOVEMBER 22, 1990

EMPLOYMENT EQUITY PROGRAM
INITIAL IMPLEMENTATION SCHEDULE (CONT'D)

5	APPROVAL OF NOVA SCOTIA POWER EMPLOYMENT EQUITY PLAN BY N.S.H.R.C.		AUGUST 30, 1991
6	REVIEW POLICIES, PRACTICES, AND PROCEDURES TO REMOVE UNFAIRNESS TO TARGET GROUPS	PERSONNEL SERVS/EE COMITTEE	SEPT, 1991 & ONGOING
7	FORM EMPLOYMENT EQUITY ADVISORY COMMITTEE • ADVISE SMT • ISSUE INVITATION • MEETING TO SELECT COMMITTEE • ANNOUNCE COMMITTEE	GSM	NOV. 30, 1991
8	SENIOR MANAGEMENT TRAINING ON EMPLOYMENT EQUITY PLAN, AND COMMITMENT TO THE PROGRAM		FALL, 1991

EMPLOYMENT EQUITY PROGRAM
INITIAL IMPLEMENTATION SCHEDULE (CONT'D)

9	POWER PEOPLE VIDEO JOURNAL TO INCLUDE FEATURE ON EMPLOYMENT EQUITY	PERSONNEL SERVS/E.E COMMITTEE	NOVEMBER, 1991
10	DESIGN AND IMPLEMENT EMPLOYEE ORIENTATION SESSIONS • ISSUE POLICY & GUIDELINES • NEW APPLICATION FORM • COMMUNICATE NEW POLICY & GUIDELINES	PERSONNEL SVCS/EMPL DEVELOP.	OCTOBER, 1991 AND ONWARD
11	GATHER DATA ON TARGET GROUP REPRESENTATION IN CURRENT WORK FORCE. • HRIS REPROGRAMMED • APPLICATION FORM REVISED • SELF-IDENTIFICATION QUESTIONNAIRE ADMINISTERED	PERSONNEL SVCS/E.E. COMMITTEE	JANUARY, 1992 AND ONWARD

EMPLOYMENT EQUITY PROGRAM
INITIAL IMPLEMENTATION SCHEDULE (CONT'D)

12	RAISE AWARENESS FOR ALL EMPLOYEES ON MANAGING DIVERSITY AND RACIAL RELATIONS	EMPL. DEV.	SEPTEMBER 6, 1991 AND ONGOING
13	ESTABLISH LINKAGES WITH TARGET GROUP COMMUNITIES	PERSONNEL SVCS/E.E. COMMITTEE	IN PROGRESS AND ONGOING
14	ACTIVE RECRUITMENT, DEVELOPMENT AND PROMOTION OF TARGET GROUP REPRESENTATIVES TO MEET <u>DIVISIONAL</u> GOALS	PERSONNEL SVCS/ DIVISIONS	ONGOING - GOALS TO BE ESTABLISHED FOR APRIL, 1992

S\AD\S\33\11262

Appendix X

-Dept. of Labour
AND
Workers' Compensation Board

WORKERS' COMPENSATION BOARD OF NOVA SCOTIA

5668 South Street
Post Office Box 1150
Halifax, Nova Scotia
B3J 2Y2
Telephone 902 424-8440
Fax 902 424-0509
Toll Free 1 424-5593

Medical Arts Building
336 Kings Road, Suite 117
Sydney, Nova Scotia
B1S 1A9
Telephone 902 563-2444
Fax 902 563-0512
Toll Free 1 563-2444

All correspondence should give Claim or Employer File Number.

Our File Number: [redacted]

February 18, 1992

Dr. William Gillis
Chairman, Public Accounts Committee
c/o Legislative Committees Office
3rd Floor, Dennis Building
Halifax, Nova Scotia

Dear Dr. Gillis:

The following information, by subject, represents the response to questions made to representatives of the Board at a recent Public Accounts Committee meeting.

Salary Increases 1989 - 1990

Our review and examination of salaries and benefits between 1989 and 1990, which represents approximately $700,000.00 increase, breaks down as follows.

In the area of salaries only, there was an increase of approximately $600,000.00 for the year. The analysis of that $600,000.00 indicates the increase was comprised of the following components:

Increments paid during 1990	- $ 53,000.00
Reclassifications during 1990	- $ 17,000.00
Additional personnel hired in 1990	- $285,000.00
Additional personnel hired in late 1989	- $121,000.00
Accrual for anticipated economic adjustment	- $106,000.00
Overtime, casual, etc.	- $ 16,000.00

Certain of those items need a bit more clarification. The new hires in 1990 numbered 15 of which 7 were new positions, while the remaining 8 were replacements for positions which had already been approved, though not manned. The 1989 hires represent 5 persons, 3 of which were new positions, 2 represent replacements for positions which were vacant. In both cases, the salaried amounts have been prorated to represent a portion of the year to which they were applicable. Thus, someone hired in March 1990 would only reflect 9 months salary rather than the 12 month salary as a portion of the increase.

The accrual figure represents the estimated economic adjustment for 1990 as estimated at the end of the year. This accrual was expended during 1990 although it was not paid until 1991 when the contract was finalized. This is standard accounting practice to ensure the costs associated with 1990 were expended during that period. Information with regard to increments, reclassifications and overtime, casual, etc., are self explanatory.

Board Members' Salaries

The Board of Commission received a 5% increase in their salaries in 1990. This increase was awarded by Order in Council effective November 1, 1990 and was reflected in the January 1991 payroll.

Cape Breton Development Corporation

The following represents, in total, the amounts billed to DEVCO for the years 1989 and 1990.

1989		
	Program costs	$16,419,305.53
	Administrative costs	$ 994,475.90
1990		
	Program costs	$16,227,286.99
	Administrative costs	$ 989,563.26

Program costs relate to all payments on behalf of DEVCO and billed to them including compensation, medical aid, rehabilitation, etc. Administrative costs represent billings to DEVCO for these payments consisting of 11½% of compensation and medical aid payments, plus $10.00 per pension cheque as reported during the January 15 meeting.

Industrial Disease

There are presently 1922 claims being processed for industrial disease (hearing loss and bronchitis). One thousand six hundred eleven of these do not have a wage loss and these clients have been contacted disallowing their claims.

A further 193 require additional documentation before we can determine if there is a wage loss and these people have been written to request the necessary information.

An additional 74 have been disallowed. The remaining 44 are presently being adjudicated. Decisions will be forthcoming shortly.

Vocational Rehabilitation

In 1990, there were 424 new clients referred to Vocational Rehabilitation. These were in addition to 428 clients who were in the process as of January 1, 1990.

Two hundred seventy-five cases were closed during the year leaving Vocational Rehabilitation with 577 clients on benefits as of year end.

Vocational Rehabilitation paid out $3,381,936.00 in rehabilitation benefits and $1,024,920.00 in medical aid benefits, including 577 key functional assessments.

In 1990,

Total returned to work	- 138
Returned to work - new employer	- 68
Self employed	- 9
Pre/Accident Employer	- 61

In 1990, EIP programs cost the Board $279,075.00.

Carry over from 1989	- 10
New EIP	- 49
Successful completion/returned to work	- 50
Unsuccessful completion	- 5
Carry over to 1991	- 4

Should the Committee require clarifying information, please do not hesitate to contact me.

Sincerely,

R. J. Allen
Chairman and General Manager